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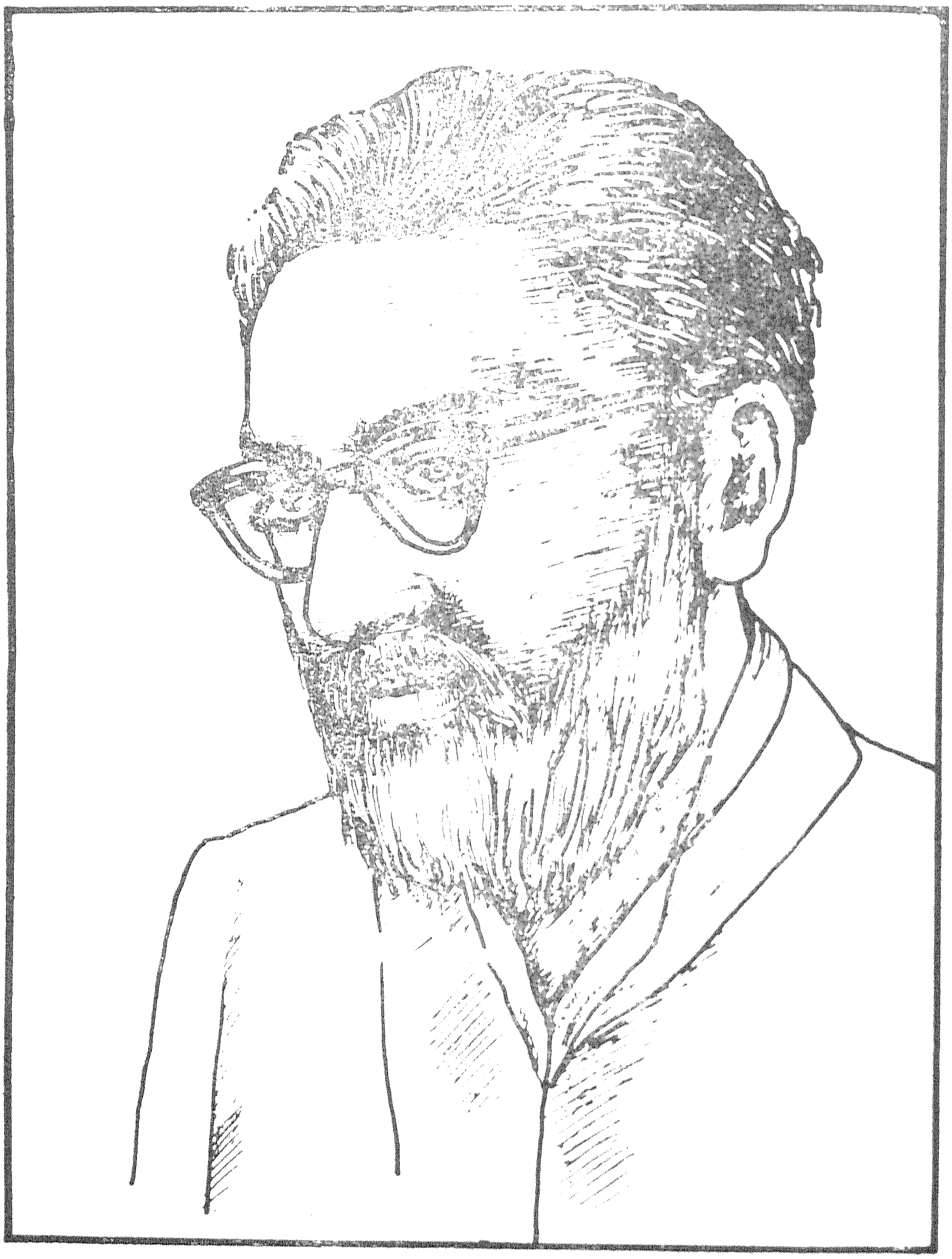

Asoka Mehta

POLITICAL THINKERS OF MODERN INDIA

VOLUME TWENTY-ONE

ASOKA MEHTA

Edited by
VERINDER GROVER
Former Reader, Deptt. of Political Science,
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DEEP & DEEP PUBLICATIONS
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Asoka Mehta was arrested in the 1932 civil disobedience movement. He came out of the prison as a convinced socialist. He was, however, not interested in importing Russian techniques into India and was not much influenced by Marxism.

In 1941 Asoka Mehta offered individual *satyagraha* and was arrested. Again he was in the thick of the Quit India movement of 1942 and was imprisoned. It was not until 1946-47 that Asoka Mehta rose to prominence in the party as well as in the labour movement. In 1950 he was elected as the President of the eighth Annual session of the Socialist Party. Asoka Mehta was elected to the Lok Sabha for the first time in 1954 and again in 1957. In 1966 he was elected to the Rajya Sabha. After the death of Jawaharlal Nehru, he was made a minister in the Union

Government. He remained in office till 1968, and resigned on the issue of India's stand on the Czechoslovakian episode.

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1

INDIA COMES OF AGE*

ASOKA MEHTA

I

Although still a predominantly agricultural country India now possesses many important industries. In Jute and Tea she is a leading exporting country. In textiles, cement, sugar, paper and matches we are nearing self-sufficiency. We have a growing iron and steel industry, rich coal mines and powerful hydro-electric plants. There are prospects of early establishment of automobile and ship-building industries.

There are nearly 9,000 factories in India giving employment to about 17,00,000 workmen. The capital invested in companies, registered in India, totals up to Rs. 300,00,00,000.

In Cement and Matches virtual monopolies have been established through unified control or ownership of the industries.

This concentration has been realised in various ways : by amalgamations, by absorption, more generally by expansion.

In the Cement Industry, the various cement companies with one exception have amalgamated to form a single joint-stock company—the A.C C. It has taken over the business, assets and liabilities of eleven cement companies and controls works situated at four different places in India. The Company also owns substantial interest in the Burma Cement Co. Ltd.

The formation of the A.C.C. was preceded by the organisation

*Articles written in 1939.

of the Cement Marketing Company of India Ltd. Similar attempts and centralising marketing and restricting production are being made in Tea, Sugar, Coffee, Coal and Jute.

Another important method of achieving concentration of control is through absorption—a giant buying up its smaller rivals or obtaining control over them in less direct form. The Scindia Steam Navigation Company, for instance controls in one form or another the Ratnagar Steam Navigation Co., the Bengal Burma Steam Navigation Company, Ltd., Indian Co-operative Navigation and Trading Co. Ltd. and the Bombay Steam Navigation Co. Ltd.

In the match industry the rivals that refused to surrender were, under the relentless pressure of the Swedish Trust and their Indian subsidiaries, mostly driven out of the business. Industries have their Napoleons and Hitlers—and also their Seyss-Inquarts!

These, however, are the instances of horizontal combination. There are other forms of Trusts also.

The British India Corporation is an instance to the point. It was formed in 1920 to take over the control of :

(1)	The Cawnpore Woollen Mills	"Lalimli"
(2)	The Cawnpore Cotton Mills	"Kakomi"
(3)	New Egerton Woollen Mills	"Dhariwal"
(4)	North-West Tannery Co.	"Flex"
(5)	Cooper Allen and Co. (One of the biggest army leather equipment and boot manufacturers of the world).	
(6)	Empire Engineering Co.	(Since closed down)
(7)	G. Mackenzie and Co.	Automobiles, etc.

This huge combine (present Capital : Rs. 1,25,00,000) is managed by a single Board of Directors.

There are forty trusts of this, or even bigger, dimensions. They control about 450 concerns whose total capital exceeds Rs. 110,00,00,000. Thirty of these Trusts are with capital over Rs. 1,00,00,000 and five of them have capital exceeding Rs. 5 crores.

The following are the leading British Trust :

Anderson Wright & Co.
Andrew Yule & Co.
Balmer Lawrie & Co,

Barry & Co.
Begg Dunlop & Co.
Begg Sutherland & Co.
Bird & Co.
British India Corporation.
Burn & Co.
Davenport & Co.
David Sassoon & Co.
Duncan Bros.
E.D. Sassoon & Co.
Forbes, Forbes & Campbell.
F.W. Heilgers & Co.
George Henderson & Co.
Gillanders & Arbuthnot & Co.
Govan Bros.
Hoare Miller & Co.
James Finlay & Co.
Jardine Skinner & Co.
Kilburn & Co.
Killick Nixon & Co.
Kettlewell Bullen & Co.
Mackinnon Mackenzie & Co.
MacNeille & Co.
McLeod & Co.
Martin & Co.
Octavius Steel & Co.
Shaw Wallace & Co.
Villiers & Co., and
Williamson Magor & Co.

The leading Indian Trusts are :

Tata Sons & Co.
Birla Bros., and
Dalmia, Jain & Co.

Walchand's and Karamchand Thapar's concerns are fast expanding and they will soon reach the status of Trusts.

The British Trusts are increasingly becoming mixed—almost all of them have some Indian shareholders and directors,

Mukerjees have a substantial holding in Martin & Co. The Maharaja of Darbhanga holds big interests in the British India Corporation and Octavious Steel & Co. Villiers & Co. is fully under Indian control.

From the workers' point of view an Indian Trust is often a worse master than a British Trust. The conditions of the workers of the Dalmia Sugar Mills, for instance, is inferior to that existing in the Belapur Mill of Brady & Co. In British Trusts there is exploitation plus drain; in Indian Trusts perhaps intenser exploitation but little drain.

The Trusts have mainly developed through expansion and not so much through amalgamation or absorption. The pioneer industrialists, mostly British, made huge profits. The accumulated profits enabled them to spread out in all fields. In the early days, the Jute Mills paid dividends, after transferring considerable amounts to the Reserve Funds, from 100 to 300 per cent—they "simply coined money." Tea companies also made enormous profits, in many cases paying dividends over 100 per cent. These huge profits went to expand the empires of these Trusts.

As a case study let us briefly review the history of the great Sassoon family—unroll the colourful tapestry of that fabulous clan.

David Sassoon, a wealthy young Jew of Bagdad, migrated to Bombay in the thirties of the last century. He liked the place and founded here the firm of David Sassoon & Co. He started with a rug factory and a banking establishment. (The Sassoon Bank, a private concern, ultimately had capital of Rs. 1,00,00,000). The most thriving trade at the time was the opium trade with China. David Sassoon entered it and in due course obtained the monopoly of export of opium to China. His son Elias was sent to China where he succeeded, among other things, in obtaining monopoly control over the import of opium to China. The two ends of this enormously profitable trade were thus controlled by the Sassoons.

Elias on returning to India founded his own firm, E.D. Sassoon & Co. which worked in friendly co-operation with his father's firm both here and in the Far East. David was succeeded by his son Albert Abdulla. He expanded the business in every direction. He went heavily into the textile industry, he constructed the first floating dock east to Suez, the Sassoon Dock. On his retirement he settled down with a baronetcy in England, where his

Name of Trust	*Name of Companies*										
	Finance	*Jute*	*Cotton*	*Coal*	*Tea*	*Sugar*	*Trans-port*	*Electri-city*	*Engineer-ing*	*Misce-llaneous*	*Total*
Andrew Yule	1	11	—	11	15	1	2	—	—	11	52
Bird	2	8	—	2	—	—	—	1	1	6	20
Gillanders Arbuthnot	—	2	—	1	6	—	6	—	—	2	17
Jardine Skinner	1	4	—	1	5	—	—	—	—	2	13
Kilburn	—	—	—	3	7	—	2	1	—	—	13
Kettlewell Bullen	—	2	3	—	1	—	—	—	—	—	6
Martin	1	—	—	4	—	—	8	9	1	1	24
Mcleod	—	6	—	—	4	—	6	—	1	—	17
Octavius Steel	—	—	—	1	12	1	1	9	—	—	24
Shaw Wallace	—	—	1	7	7	—	—	—	—	2	17
James Finlay	—	1	3	—	3	1	—	—	—	—	8
Killick Nixon	—	—	1	1	—	—	8	3	—	2	15
Brady	—	—	5	—	—	1	—	—	—	2	8
Tatas	2	—	4	—	—	—	1	8	—	7	22
Birlas	2	1	4	—	—	3	—	—	—	3	13
Dalmia	1	—	—	—	—	2	—	—	—	3	6

brother, David Jr. had preceded him. The family was growing out of its colonial stature.

The business in Bombay was carried on by brother Solomon who besides conducting the family's banking business, was the Chairman of the Sassoon Cotton Mills, Sassoon Silk Company, the Oriental Life Insurance Company, and was a trustee of the Bombay Port Trust and a director of the Bank of Bombay.

But the main branch of the Sassoon family was now in England. Sir Edward Sassoon (Albert Abdulla's son, born in Bombay) married Baroon Gustave de Rothschild's daughter—thus uniting a mighty Oriental House with the foremost banking family of Europe. Needless to add Sir Edward was elected to the House of Commons— then the exclusive club of Britain's aristocrats !

Sir Edward was succeeded by his son Sir Philip who inherited his seat in Parliament also. The financial wizard of the family, however, was Sir Victor Sassoon who further extended the empire of the Sassoons. Siegfried Sassoon, the fox-hunting poet, held the fort on the culture front. The scions of an obscure Levantine Jew today make headlines in relation to British Empire politics, sport, literature and finance—all on the strength of the fabulous fortune made in commerce and industry in India and the East.

Other nabobs have a similar tale to tell. While we may not trace their history let us at least note the extent of their empires.

In the Western India the Tatas, Killick Nixons, Sassoons, and Bradys dwarf, with their huge financial strength and industrial ramifications, their humbler rivals. The Tatas control twenty-one concerns (Capital Rs. 30,00,00,000 approximately).

Cotton Mills	4
Power Companies	4
Iron and Steel	1
Oil	1
Electricity	4
Hotels	1
Airways	1
Chemicals	1
Electro-Chemicals	1
Insurance	1
Investment Trust	1
Milk Supply	1

But to have a fuller idea of the range of activities of the House of Tatas one must also record the ventures that have failed to survive to this day, such as, the Bombay-Japan Line (Steamship Service) and the Tata Industrial Bank.

In Eastern India the domination is of Jewish and Scottish firms with Marwaris just butting in. The following 52 concerns, for instance, are controlled by Andrew Yule and Co. (Capital : 7,00,00,000 approx).

Jute	11
Coal	11
Tea	15
Sugar	1
Firebrick	1
Aerating Gas	1
Steamships	2
Flour	1
Hydraulic Press	2
Paper	1
Rubber	2
Power	1
Oil	1
Insurance	1
Zamindari	1

Thirty-four British Trust control about 400 industrial concerns (Capital : Rs. 75,50,00,000 approx.), half a dozen Indian Trusts control some fifty concerns (Capital : Rs. 37,50,00,000 approx.). Such is the extent of the integration of our industrial economy.

But this is not the whole story. We have now reached the stage where Trusts are amalgamated with or annexed by bigger Trusts. Recently Martin and Co. took over the control of Burn and Co.—a Trust controlling four concerns (Capital : Rs. 10,00,00,000). Not a few of these Trusts are controlled by super giants of London. Mackinnon Mackenzie and Co. (Jute Mills, Calcutta), Binny and Co. (Cotton Mills, Madras and Bangalore), the Allahabad Bank, the B.I.S.N. Co.—each a giant in its own rights, are controlled by the mighty P. and O. Co.

It is also necessary to note the growing inter-relationships between the Industrial Trusts and the Feudal Interests. Some of

the Trusts control Zamindaris and some of the Zamindars hold big interests in the Trusts. The Maharaja of Darbhanga possesses substantial shares in the British India Corporation and Octavious Steel and Co. The Maharaja of Gwalior is one of our leading financiers.

II

The control of our industries is gathered up not only in a few Trusts but in a few hands. In the Jute industry 132 men hold 271 directorships—ten of them hold 87. 389 directorships of the Tea Companies are held by sixty-six individuals, twelve of whom hold 184, seventy being with just three men.

In the Trusts also, a few men hold dominating positions. 172 directorships of the fifty-two concerns of Andrew Yule & Co. are held by forty individuals—five of whom hold ninety-seven. 123 directorships of the twenty-four concerns of Martin and Co. are distributed among twenty-nine individuals, three of whom occupy sixty-two directorships. And so on.

The concentration of control is further heightened by interlocutory directorships. The various Trusts are interlinked by a group of common directors. This device puts the control of our industrial economy in still fewer hands. (See Table on p. 11).

The following table shows how widespread is the device of common directorship. It shows how interlocutory directors link up the Trusts, integrate our industrial economy still further and gather up all control in a few powerful hands. It deals with the British firms of Calcutta, a similar table, however, can also be prepared for Bombay and it would show the same extent of inter-linking.

Five hundred important industrial concerns of our country are managed by 2000 directors. These directorships are held by 850 individuals. But 1000 of these directorships are held by just seventy men, the other thousand are distributed among the remaining 780 directors. At the apex of this pyramid stand ten men holding three hundred directorships—the supreme arbiters of the destinies of our industrial economy.

850 men hold 2000 directorships—average 2.33.
70 men hold 1000 directorships—average 14.28
10 men hold 300 directorships—average 30

We are giving below, as an illustration, a list of the fifty-one concerns in which Sir Purshottamdas Thakordas is a director :

The B.E.S. and T. Co. Ltd.
The Bombay Safe Deposit Co. Ltd.
The Oriental Government Security Life Insurance Co. Ltd.
The Indian Radio and Cable Communications Co. Ltd.
Broach City Press Co. Ltd.
Surat City Press Co. Ltd.
Karouli Ginning and Press Co. Ltd.
Madhusudan Mills Ltd.
Reserve Bank of India.
Katni Cement and Industrial Co. Ltd.
Gokak Mills Ltd.
Bharat Mills Ltd.
Simplex Mills Ltd.
Colaba Land and Mills Co. Ltd.
Kohinoor Mills Ltd.
Calico Mills Ltd. (Ahmedabad).
Jubilee Mills Ltd. (Ahmedabad).
Khatau Makanji Spg. and Wvg. Co. Ltd.
New Prince of Wales Press Co. Ltd.
Ahmedabad Prantaj Rly. Co. Ltd.
Mandra Bhon Rly., Co. Ltd.
Sialkot Narowal Rly. Co. Ltd.
Central Provinces Rly. Co. Ltd.
Guzerat Railways Co. Ltd.
Tapti Valley Railways Co. Ltd.
Khulna Bagishant Rly. Co. Ltd.
Hingir Rampur Coal Co. Ltd.
Tata Hydro-Electric Co. Ltd.
Andhra Valley Power Supply Co. Ltd.
Tata Power Co. Ltd.
Surat Electricity Co. Ltd.
Ahmedabad Electric Supply Co. Ltd.
Bombay Suburban Electric Supply Co. Ltd.
Associated Building Co. Ltd.
Tata Hydro-Electric Agencies Ltd.
India Vegetable Products Ltd.

Tata Iron and Steel Co. Ltd.
Industrial Corporation Co. Ltd.
Belapur Co. Ltd.
Swastik Oil Mills Ltd.
Hajeebhoy Aden Salt Works Ltd.
Industrial Investment Trust Ltd.
Associated Cement Companies Ltd.
Kanara Mining Co. Ltd.
Madhowji Dharamsi Mfg., Co. Ltd.
Sir Shapurji Broacha Mills Ltd.
Anil Starch Products Ltd. (Ahmedabad).
The Podar Mills Ltd.
Patiala Cement Co. Ltd.
(The East India Cotton Association).
(Bombay Port Trust Senior Trustee).

III

Every one has heard of the House of Morgan and of Rockfellers—the leaders of American capitalism. Though the Morgan firms control 444 giant industrial concerns, primarily they are the leading investment banking houses of the world. Rockfellers, on the other hand, have been leading industrialists and have only lately stepped into the ranks of finance capitalists by their control over the largest bank in the United States—The Chase National Bank. Today, the supreme economic power is Finance and to it Commerce and Industry must bow.

In India too, Commercial Power has been superseded by Industrial Power, to be superseded in its turn, by Finance Power. Twenty years back the leadership of our industrial economy was with enterprising industrialists, like Seth Narottam Morarji. To-day, however, a dashing industrialist, like Sjt. Walchand Hirachand, finds himself handicapped by his inadequate financial power. To be significant one must control banks, insurance companies, investment trusts—the financing houses. Finance Capitalists dominate our economy now.

Every Trust maintains close connections with banks and other financing house—usually through the device of common directors. Important Trusts have extensive connections. The leading directors of the Tata concerns are on the Boards of the Reserve

Bank, the Imperial Bank, the Central Bank of India, the Bank of India, the Bank of Baroda and the Union Bank. Other Trusts have banking affiliations according to their stature. An analysis of the affiliations of the bank directors throws some interesting light.

On the Board of the Reserve Bank is Sir Purshottamdas connected with half a dozen Trusts, and the representatives of the Birlas, Kilburn & Co., Andrew Yule & Co., etc. Among the directors of the Imperial Bank of India are the representatives of the Tatas, Killick Nixon & Co., Bird & Co., Gillanders, Arbuthnot & Co., Jardine Skinner & Co., McLeod & Co., etc. On the Allahabad Bank are the representatives of Mackinnon, Mackenzie & Co., and the Srivastavas of Cawnpore. The directors of the Bank of India include the directors of Brady & Co., Killick Nixon & Co., J. Finlay & Co., Tata concerns, etc.

A dozen individuals, by their control over banks, insurance companies and investment trusts, occupy commanding positions in the industrial life of Bombay. Sir Purshottamdas and his cousin, Sir Chunilal, between them hold directorship in every Trust and in well night every important concern in Bombay. They have facilitated or frustrated as it suited them many an amalgamation and absorption. Premchand brothers, Jeejeebhoy brothers, Cowasji Jehangirs, in their ways, exert similar influence thanks to their financial power.

Insurance companies sweep together the saving of the Little Man and bring them to their controlling Trusts. Birlas have a string of insurance firms. Dalmias have their Bharat, Tatas have an insurance company and an investment trust. Insurance and investment firms that are independent of the Trusts, like the Oriental Insurance Co., Vulcan Insurance Co., Industrial Investment Trust, have not escaped the control of the group of Finance Capitalists—that dominate the Trusts. Over the entire domain they hold undisputed sway.

An adequate idea of their financial strength cannot be had by us listing the various concerns controlled by them or by totalling the capital of those concerns—it is the block account that needs to be calculated. The Tata Iron and Steel Company—a combine controlling iron, coal, mica, silica mines and a number of industrial concerns has capital of Rs. 10½ crores but its block account is Rs, 28 to 30 crores. The total assets of the concerns

controlled by the Tatas exceed Rs. 100,00,00,000. Sir Purshottamdas, Sir Chunilal, Sir Cowasji control and direct capital accounts of tens of crores of rupees. Such is the financial might of our oligarchs.

The oligarchs of our economy are, however, only dwarfs before the leaders of the world's finance-capital. Our important Trusts are often subsidiaries of subsidiaries, e.g. Andrew Yule & Co. is controlled by Morgan, Grenfell & Co.—the English subsidiary of the House of Morgan ! Before the might of Morgans and Mellons our oligarchs look puny, but that is a commentary on our economy and not on their ability or will to power.

John D. Rockfeller Sr. and J.N. Tata were born in the same year, 1839. In the intervening century, American economy, thanks to its favourable circumstances, expanded, in comparison to the development of Indian economy, on a colossal scale. That is patent to all. But the most arresting fact is the close similarity in their developments. American giants and Indian dwarfs have sketched the same pattern in growth . industries controlled by a few Trusts, which in their turn are controlled by a group of finance-capitalists.

Because the control is in the hands of a handful of men, it does not mean that there is peaceful cohabitation among them. There is collaboration here, conflict there. Competition among the Trusts is a subject for an independent enquiry. However, a sharp struggle for further concentration of control ceaselessly goes on and the oligarchy inexorably strives to grow smaller.

IV

The annual profits of the Tata Iron and Steel Company equal the total revenues of the Government of Bihar. And it is just one of the Tata concerns ! We demand democratic control over the finances of the Government of Bihar, shall we let the industries remain under the unchecked control of their oligarchs.

The obligarchy is a closed-preserve. The son succeeds the sire. It is generally so in every country but in India it is particularly so. Sons and relations community men at the farthest—reach "the height of Simla." Fresh blood finds it as difficult to enter the Oligarchy as the proverbial camel the eye of a needle.

These oligarchs, able, honest, hardworking and public-

concerned with concrete projects and targets.

A PERSPECTIVE

The Prime Minister asked us to develop a perspective. He invited to think in terms of several Five-Year Plans. We all agree with him that it is necessary to look at the journey's end so that we may be able to bear the hardships that we may inevitably have to face in crossing the threshold. But, the Prime Minister in his urgency to move forward perhaps has failed to realise that the next two Plans are of crucial importance. In the Plan itself, it is pointed out that it is in the next ten years that we have to cross the threshold. Crossing the threshold is of vital significance. The essence of development lies there—moving from one plane to another plane of economic activity. All Plans are important. There is no doubt that only with a long perspective can we say that we shall get out of the mire of poverty into the sunny plateau of plenty. But, in the whole process of development, there is a period which is of crucial importance and that is the period when the threshold has to be crossed.

There are certain special characteristics of crossing the threshold. I find that the Prime Minister has not given enough attention to the significance of the crossing of the threshold. The significance is brought out by the plan itself on page 21. The Planning Commission says :

> "It is on the mobilisation of the effort rather than on the gains and returns arising therefrom that attention has to be concentrated."

My friend, Shri Gopalan, talked very eloquently and pointed out the need for raising the levels of income. I am sure there are any number of friends here, overwhelming majority of them, who are only too anxious to see that the levels of living are raised. If we want to cross the threshold, we cannot afford to raise the levels of living. It is one of the imperatives of development. We cannot get away from the logic of development. If the level of income rises, the whole tempo and the pace of development will slow down and the result will be that the threshold will become longer and larger and we shall not be able to move from one

plane to another. That is why it is interesting to find that our unsophisticated people have perhaps been able to understand this aspect almost instinctively and have responded in a befitting manner. In the First Plan they have given their co-operation in a large measure. The increase in the per capita consumption expenditure is nine per cent, which works out to an increase at the rate of three or four annas per year per head. This was a very small increase that we were able to give to our people. What is going to be the increase in the Second Plan ? Assuming that this "big and bold" Plan that we have before us—as the planners are proud to call it—is fully implemented, what will be the result ?

The result will be that, as far as consumption of foodgrains is concerned, it will increase by an ounce or so, as far as consumption of cloth is concerned, it will increase by a yard or two. There is nothing very spectacular that we can tell our people. There is no doubt that there will be certain social gains—more roads, more schools, more factories and so on—but there is nothing spectacular that we can go and give to the people, and it is against that kind of atmosphere, it is against these kinds of difficulties that the exertions of development have to be carried out. That is the reason why in history governments have tried to organise development either through capitalist methods where *laissez-faire* works out like the chariot of Jagannath or through dictatorship where curtains are laid down which prevent people either from knowing what is happening or at least from openly coming forward and criticising or opposing it.

We are here called upon to carry out a new kind of experiment, an experiment of reconciling democracy with development, an experiment which has not been tried before. Leave aside the scale on which we are going to do it, it is for the first time in history that any nation has decided to reconcile the task of development with political democracy. If that is to be done, it is obvious that we cannot raise the levels of living in any exciting measure in the early period.

SECOND CHARACTERISTIC

Then again, there is the second characteristic to which pointed attention has not been drawn to it by the Planning Commission. I would like to draw the attention to the second characteristic by

quoting from the very authoritative book of Prof. Arthur Lewis, which has just come out and which is recognised by common consent to be perhaps the most comprehensive study on the subject—*The Theory of Economic Growth.* On page 235 Prof. Lewis has to say :

> "This means that the fundamental explantation of any 'industrial revolution', that is to say, of any sudden acceleration of the rate of capital formation, is a sudden increase in the opportunities for making money; whether the new opportunities are new inventions, or institutional changes which make possible the exploitation of existing possibilities.
>
> The British, the Japanese and the Russian industrial revolutions all fit into this pattern. In each case the immediate result is that the benefits of rising productivity go not to the classes who would increase their consumption—peasants, wage-earners—but into private profits or public taxation, where the proceeds are used for further capital formation. More and more labour is taken into wage employment, but real wages are not allowed to rise as fast as productivity."

AN IMPERATIVE OF PLANNING

That again is an imperative of planning. What happens? There is a sector of economy, that is called the capital consuming sector. It is the capital consuming sector which draws to an increasing extent the surplus in the economy. It is the very essence of economic development that profits rise more than other factors of distribution like wages, rent, salaries. It is profits which play a crucial role, which is the key-lever. In a totalitarian country the key-lever is operated wholly by the State. In a *laissez faire* country the key-lever is operated wholly by the capitalists, How does this Government, which is trying to reconcile democracy with development, which is anxious to develop our economy on socialist lines, going to operate that lever ? That is where the Planning Commission gives us a fumbling answer. Here is the key-lever on the operation of which comes more and more surplus. As Prof. Lewis has said on more than one occasion, this development does not depend upon the tiny increments or incomes that accrue to a peasant on an artisan here or there. They are all

important in their own ways, but the essence of economic transformation, let it be understood very clearly, lies ultimately in the mobilisation of increasing profits, where it is the margin of profit that grows from year to year. What are we doing about it ? How is that lever being operated ? That is where I find that the planners have not given the necessary thought.

MOVING TOWARDS EQUALITY

The Prime Minister has been dismissing our demands for moving towards equality by saying : "What is this ? We must raise the floor. What is the idea in bringing the people down to a dead level of poverty ?" Who wants to bring the people down to a dead level of poverty ? While you are trying to cross the threshold in the next 10, 15 or 20 years, the floor is not going to be raised very significantly and if you raise the floor significantly the whole process of development will be slowed down tragically. That is the dilemma of development. The Prime Minister says : "We are going to raise the floor. Why do you want to tinker with the ceiling ?" You cannot raise the floor. I know it may not be good. I am like my friend Shri Gopalan or any other friend only too anxious to raise the floor. But I know that if you raise the floor, the sky will fly away. All that you are trying to build or develop at the top will just fly away. That is the tragic dilemma of development. I am sorry to find that the Prime Minister on the one side and my friend Shri Gopalan on the other, both are trying to run away from the dilemma. We have to face the dilemma and the only way we can face the dilemma therefore is to take people into confidence, and you can take the people into confidence only when you make them realise that a common yardstick, a common rod of measurement is to apply to everyone. You cannot tell the people that it is the effort that counts and not returns and gains, and you cannot permit my friends Somani and Tulsidas to think in terms of gains and returns and ignore the very concept that it is the effort that counts.

Then, on page 21 of the Second Five-Year Plan you will find that the Planning Commission has said :

> "These gains and returns are important, but more important is perhaps the satisfaction that a community gets from

attempting a worthwhile task which gives it a chance to bend its energies to productive and socially useful purposes."

In a desire to draw the entire surplus for social reconstruction you should gift away your surplus. Only by yielding what you get, only by surrendering what you earn, that you really enjoy it. The profound teachings of the Upanishad, the profound philosophy that Acharya Vinoba Bhave is trying to popularise, unless that becomes an integral part of our thought and approach, there can be no economic transformation in the context of democracy. And I find that our planners, as many people have pointed out, somehow or other do not realise the significance of this approach.

RAISING THE RESOURCES

Then comes the question of raising the resources. Here again it is important to note the resources have to be raised in a manner whereby those whose levels of living are not going to be raised will feel that the resources are raised in a manner whereby no gross inequalities are permitted to exist. I am surprised that even an elementary maxim is ignored by the Planning Commission. The Planning Commission ignores the basic maxim of development that the marginal rate of taxation should exceed the average so that the tax receipts grow faster than the national income. That is particularly necessary where the Government uses inflation as one of the means of increasing rapidly its share of national income. I would like the Finance Minister to tell us what is going to be the marginal rate of taxation; in what way it is related to the increase in the national income. If these levers are not properly operated, even though, sitting on the Treasury Benches, we may have good intentions, things will go wrong.

The Finance Minister's accent has been on indirect taxes. He has often suggested that direct taxes seem to have reached the limits. I do not know if after consultations that he has had with foreign economists his ideas have changed on the subject. The Planning Commission has thrown out a few suggestions, this tax and that tax. It means very little unless things are concretely worked out. It is this very Government that repealed the Capital Gains Tax. Why was that repealed ? What were the reasons ? Has better uaderstanding come now ? Or, has the Government

yielded to the pressure that is exerted by business interests? These are questions that need to be answered. There should not be any hush-hush when we want the co-operation of all concerned in the policy of economic development and transformation.

We have been planning our economy for seven years now. During this period, what has happened to our economy? There has been no integrated system of direct taxes; there has been no Capital Gains tax. There are no gift taxes, no tax on wealth. All these weapons are rusting in the armoury of the Planning Commission; I do not know when they will be utilised. What has happened in the last seven years? We are told that development has taken place. What has been the result of the development on the position of the different groups and different sections of our people? I read that the Nizam has a private fortune of Rs. 300 crores. Which tax is going to affect the fortune of Rs. 300 crores? There is one man in India having a private fortune of Rs. 300 crores, if that information is correct. What has been done about it? I do not know whether the estate duty will apply to him or not. For how many generations have we to wait before some kind of equality could be brought about?

CAPITAL LEVY

I do not know of any method by which this sum of Rs. 300 crores could be touched. Government is opposed to any form of capital levy. The idea of a ceiling on income is a given up because a ceiling on income is meaningless unless there is ceiling on wealth. Government shies away at the very idea of capital levy even for the purpose of crossing the threshold. We are called upon to put our blood, to put in our sweat and toil, all that we have, forget our differences and harness ourselves and yoke ourselves to the chariot of economic development. But, people who have money, people who have wealth cannot be called upon to make contribution in terms of capital levy because then democracy would be in danger, and the whole edifice would crumble. Therefore all the powers, privileges and pelf must be treated as sacrosanct. It is only you and I and the millions of common people in the country who are called upon to make sacrifices.

Deficit financing of Rs. 1,000 crores will generate inflationary pressure. There is the Industrial Policy Resolution. I find not a

single reference to any kind of tax on profits. So far as I know, whenever there is inflationary pressure, two things have to be done. There has to be a stiff tax on profits and there has to be a curb on wage increase. Take Sweden or any country where Socialists are in power. What have they done ? They have been compelled to do these things. Unless you do that, unless you have a very stiff tax on profits, you cannot check wage increase. A tax on profits is not even mentioned by the Planning Commission as one of the weapons in their armoury. The I.N.T.U.C. is very happy and naturally the A.I.T. U.C. are happier still that we are going to make a demand of 25 per cent, increase in wages. Who would not be happy to have an increase in wages ? There again, if we are going to work under the impact of inflation, this kind of rise in wages and ignoring stiff tax on profits, will only result in adding to money inflation some kind of cost inflation also. I would like to know from the Finance Minister, who is such an outstanding economist, what he thinks about the demand of the I.N.T.U.C. Is it that the I.N.T.U.C. and some of his colleagues in the Cabinet are permitted to go about evoking support from the workers by dangling an increase of 25 per cent in wages and on the other side, the Finance Minister will see to it that these things do not happen ? This is not playing fair to the country. This is not an integrated approach to the development of the country.

Next is the question of currency expansion. Expansion of currency will lead to credit expansion, credit expansion in the hands of bank that are controlled, again, by big business houses. The Finance Minister is, of course, averse or opposed to nationalisation of banks. The Prime Minister thinks that we are suggesting all these things merely to satisfy a theoretical urge for nationalisation, and because we seem to have a desire to collect junk. I do not know whether banks are junks. I have no theoretical urge for nationalisation. But what is happening ? There will be credit expansion and that credit expansion is going to be utilised, as it has been, to a considerable extent for financing development of industries. Credit expansion is the result of the social policies of the Government and it will be utilised by banks that are owned by big business houses, who will use them for the development of their own industries. What would be the result, I would like the Finance Minister and the Planning Minister to tell me. A sum of

Rs. 233 crores was spent in investment in organised private sector during the First Five-Year Plan. How much of that amount has gone in developing and expanding the monopolistic position of the 20 big business houses in India and how much to new business houses that have come up in the country ?

Over and over again I have requested the Finance Minister to tell us to what extent entrepreneurship is expanding, to what extent it is becoming more democratic, and to what extent the various regional differences have disappeared. With crores of rupees at his disposal, with a superb staff at his disposal, he has not been able to find time to give us an analysis of what has happened in the last seven years and what will happen in the next five years. A sum of Rs. 570 crores or something like that, a huge amount, will be invested in the private sector. May I know from the Finance Minister or from the Planning Minister what is going to happen to this ? Will the big business houses become bigger and bigger, and will the monopolists become super-monopolists in this country ?

INDUSTRIAL OLIGARCHS GROWING

What are the checks ? The Prime Minister said that we have legal powers to check them. We shall judge the tree by the fruit it yields. In the last seven years, we have seen the fruits that the tree has yielded. The Finance Minister and the Planning Minister will tell us whether the monopolistic tendency is increasing. I make bold to say that if a searching enquiry is made, the Prime Minister will find that all his legal powers have been lying idle in the Secretariat. They have not been used, they have not been available, they have not been successful in any way in restraining, curtailing and curbing the growing monopolistic tendency in our industrial economy. The industrial oilgarchs are growing from position to position and from power to power.

These are the two difficulties. On the one hand, levels of livings cannot rise unless profits are restrained. The essence of development is that the share of profits in national income grows year by year. These profits accumulate in a small sector, the capital consuming sector of the economy. If you permit that sector to be occupied by the big business houses, if you permit the

private sector to have significant positions in this area where profits grow and tend to accumulate, the whole economy gets unbalanced, the democracy is endangered. That is where the idea of strategic heights comes in. The Prime Minister said that he is in favour of nationalisation of certain strategic heights. What are strategic heights ? My conception of strategic heights is that because of the facts and forces that are at work, many more banks, many other key industries and enterprises will have to be nationalised, not because I have love for nationalisation, not because I prefer bureaucratic control to private control, but because unless these levers are operated the whole mechanism of development will go away.

AGRICULTURAL AND INDUSTRIAL SECTORS

Let us take the relationship between the agricultural and the industrial sectors. I find that 28 per cent of our investments will be more or less in the agricultural sector and about 5 ' per cent, in the industrial sector. My friends of the Communist party are anxious that we should spend more on the industrial sector. In the Soviet plans, the proportion was 20 and 60. Twenty per cent of the total investments were in agriculture and 60 per cent in industry, transport, power, etc. I would warn the Planning Commission against raising this proportion any further. This is the farthest that we can go. If we go any further, if we are going to pay had to the advices that the makers of the plan-frame on the one hand and my Communist friends on the other are going to give us, namely, let us put more and more in industries, I tell you the democratic fabric will not stand the strain.

Then again, in the agricultural sector the increase in income will be 18 per cent; because the over-all increase in national income is going to be 25 per cent in the non-agricultural sector it will be 32 to 35 per cent. It must be realised that the agricultural sector, for whatever reasons—that question is a part of the dynamics of development—is at a disadvantage and the disadvantage is sought to be increased by what the Prime Minister said the other day. He said that the target of food production will be increased from 15 to 35 or 40 per cent. Theoretically there is nothing inherently difficult in increasing our food production in that proportion. I find—I am sure the Planning Minister knows

more about it than I do—that the lowest ton-acre yield was in Western India in 1951-52 and that was 0.112, while the highest yield in terms of ton-acre was in Southern India in 1954-55—I am referring only to the First Plan period. It was as high as 0.340. That means between the lowest and the highest yield in our country—the country is divided into three or four broad regions—is one to three. Surely it is not beyond the wit of man to increase food production in a substantial measure. But the point is this. If you are going to increase it,—what will be your input and the rest of it I will not go into—as the Prime Minister said we will have to export which means there is going to be an increasing marketable surplus. Now, you get a marketable surplus only when you are prepared to give something to the agriculturist in return. What are you going to give him in return ?

What Does the Peasant Get ?

The Plan is devised, fashioned, on certain assumptions. Suddenly one of the assumptions is changed. From 15 per cent it goes up to 40 per cent. You expect to have such a surplus of food at your disposal that you will be able to export it also, competitively I believe. What is it that the peasant will get in return ? I am told that the Vice-Chairman of the Planning Commission has said that food production will increase by 40 per cent, but food prices will go down by 20 per cent. I want to know what will be the effect. It is going to provide the incentive needed for increasing food production ? And I would like to know from the Planning Commission whether, if the suggestions that have been thrown out by the Prime Minister are accepted, it will not demand, necessitate a complete re-hauling of the Plan as a whole ? Otherwise, the agricultural sector will be even at a greater disadvantage than where it has been placed in the Plan.

What about transport facilities ? All of us are shouting here that transport will be woefully inadequate even for the increases that have been planned for in the Second Plan, and if suddenly our food production is increased from 15 to 40 per cent, where is the transport going to drop from ? Will it drop down from the skies ? I would like to know from where it will come.

LAND REFORMS

I find that if we want to increase our food production, surely land reforms should have been given top priority. I was among those who were privileged to work on the Land Reforms Panel. We laboured hard and we produced an almost unanimous report. I thought that our report would receive the full consideration of the Planning Commission. But what do we find ? The report was welcomed to begin with. Then there was, before this printed Plan came out, a cyclostyled plan, and if you will sit down and compare what is written about land reforms in the chapter in that cyclo-styled plan which was placed before the National Development Council and what is written in this printed Plan, you will find how the chapter on land reforms, how the recommendations on land reforms have been emasculated, how they have been watered down. I do not know who is responsible for watering it down. But I am surprised that the standard-bearer of progress in India, the Prime Minister, should be willing to raise the targets suddenly on the spur of the moment, on an inspiration of the moment as it were—for the last two years the Plan has been in the incubator, no thought was given at that time to changing the targets—but the standard-bearer of progress will not throw in his weight, unmatched weight, against the watering down of the proposals of the Land Reforms Panel. And if you are going to permit prices to go down in agriculture the village people know it better than I do, let them tell us whether the peasant will be willing to put his shoulder to the wheel and produce 40 per cent more foodgrains.

There is another point. On page 83 the Planning Commission says :

> " . . . . the smaller the proportion of public savings available directly to the State in the form of surplus tax receipts or profits of public enterprises, the greater is the need for other measures or techniques for keeping down consumption within the desired limit."

Again, we find that people take up a very curious attitude. They are opposed to tax, they are opposed to raising revenues from public enterprises and they are opposed to controls. You cannot have development if you oppose both these things. And

the Members of the Planning Commission—perhaps they are more of politicians than a set of economists or planners—are willing to meet this kind of ill-informed public opinion more than half way. They are not prepared to get up and say : "No, for these reasons if we want to plan out development, if we want to get out of the realm of poverty into the realm of plenty, taxes have got to go up to this extent or this kind of machinery of controls will have to be devised."

I do not know who writes the report of the Plan, I believe the five gentlemen who constitute the Planning Commission must be writing it, but whoever has written has not said it is necessary to plan for controls, and then what ? What is the operative clause ? It is a beautiful chapter with no operative clause to it. I have in the past said that we must keep the machinery of control in the background. I repeat it again even at the cost of being misunderstood by all concerned. If we want to plan, we must be prepared to raise our taxes and we must have the courage to build up a fair and honest machinery of control to keep it in the background, ready to bring it in whenever the necessity arises. You cannot have planning unless you are prepared to face these responsibilities.

Then, this is an important statement that the report makes : "That the generation of new demands proceeds somewhat ahead of the supplies is a part of the strategy of development." The strategy of development is that demand should always be a step ahead of the supplies. You can adopt this strategy only if you have adequate buffer stocks at your disposal.

It means that buffer stocks can never be at your disposal, unless you have a well-knit organisation of State-trading. It is amazing that State-trading which is such an important part of the mechanism of planning receives just one line in this big Plan of five hundred pages. Not a chapter has been devoted to trade and commerce. Twenty-seven lakhs of people are going to find additional employment on account of the expansion of trade and eommerce, but the planners have not thought it worthwhile to devote even a chapter to trade and commerce. Why have they not spelt it out ? They perhaps think that the levers are going to work automatically. They call themselves planners, but they leave so many things in the hope that fortunate factors or fortuitous developments will come to their help.

THE BRITISH METHOD

I have two more points to make : one is about the administration. The Plan begins by saying that the district is the pivot not only of the administration, but the pivot of the whole structure of planning. On page 160 the great realisation comes : "The need for creating a well-organised democratic structure of administration within the district is now widely felt." It took ten years for the planners to realise that you cannot have effective development in this country, that democracy will not take deep roots in this country, unless the structure of administration from district downwards is democratised. When they realised what is being widely felt, do you know what they have said ? They have said : "We, therefore, recommend a special investigation under the auspices of the N.D.C." I am afraid this British method of referring everything to a committee and shelving it is meaningless. This is the key need, the key to make the administration capable of shouldering the responsibilities of development, and if you want to evoke the co-operation of the people you cannot merely refer this thing to a committee.

What was being done for the last two years ? Innumerable committees were appointed. Why was this key committee not appointed ? When is this key committee going to be appointed ? When will its results be available ? When will they be explored ? Is it going to be done after the Second Five-Year Plan ? Let not the Prime Minister then invite us to share his excitement, because we do not feel any excitement about it.

THE BIGGEST ASSET

The desideratum in the First Plan was employment, there was no employment orientation. The desideratum in the Second Plan is organisation, it has not explored the dimension of organisation. In the United States of America in one year alone (1939-40) the National Youth Administration, the C.C.C. and the W.P.A. made 1,041,977 new constructions or additions and 3,92,000 repairs through youth camps. Terrific amount of energy can be poured forth by the youth provided they are organised or harnessed. There is again no reference in this to a programme by youth. The biggest asset that we have in this country, the capacity of our

young people to pour forth their enthusiasm, has received hardly any consideration.

The Prime Minister talked about his equation of development : technology plus organisation. But there again we are not told how this technology is going to be trained. The river of technology has always been in the habit of flooding the lower level at the cost of the higher level. The more developed technique destroys the lower techniques. What are the technological locks that are going to train this river of technology ? I find no solution offered here. What are the various ways in which organisations are going to be developed ? Very often the dangers to lower technique that comes from higher techniques can be overcome by introducing the requisite element of organisation. How is it going to be worked out ? The flexible plan remains an unspelt out plan !

Lastly, I would say that I have made certain criticisms of the Plan. I believe some of these criticisms are of a fundamental character. But I am neither cynical nor am I here to be hypercritical. I am anxious to co-operate with the Planning Commission to see that this Plan is revised, that the Plan is brought more in conformity with what the Planning Commission themselves have said in the first four chapters and to the extent that the Plan is revised it will become more consistent and exciting.

In the end, I would like to make an appeal to the Prime Minister. He should realise that if he is serious about his Socialism, if he does not want that the very concept of Socialism gets debased and disbelieved then this is the time when he has got to reshape the plan, not only to reshape the Plan, but cease to be the pilot of a party however big and however influential it may be, and become the captain of the nation. This is one of the historic occasions. He wanted us to be aware, to become conscious, of the making of history that we are witnessing. That making of history is possible if only there is a rallying of the people. If only there is a re-assemblement of all those who fought for the freedom of the country, re-assemblement to carry forward this struggle against poverty, against want, to carry to fruition the struggle for freedom that we started. If that is done we shall cut a spiritual suez between democracy and development that would shorten man's journey from poverty to plenty.

3

CO-OPERATIVES—KEY TO THIRD PLAN

ASOKA MEHTA

Planning presupposes a constant effort at learning. As we move forward to the formation of the Third Plan, we have to keep before us the experiences and the lessons of the first two Plans. In their light we have to shape our next Plan.

The First Plan encountered favourable circumstances : First, it was a small Plan and then there were two exceedingly good monsoons that eased the food situation. The world prices for primary products were high, and India's favourable terms of trade during tbe First Plan resulted in gain of Rs. 325 crores. The large sterling balances left at the end of the war were available for meeting any excess of imports or acting as a cushion against internal price rise which could be checked by liberal imports. Our industries had a considerable unused capacity. Part of the unused capacity was due to difficulties of raw materials that partition of the country had brought about—particularly in raw cotton and jute—and partly to transport shortages caused by the wear and tear of the war years. As rehabilitation work proceeded, without any considerable investment of capital, production began to increase. These were fortuitous advantages that cannot be repeated.

The First Plan was not a well thought out Plan. We were new to the technique of planning, statistical material was limited. I remember that when I was called to discuss the draft Plan with the Planning Commission, and I had the good fortune to that for

two whole days, I had drawn the attention of the Commission to the absence of employment aspect in the Plan. Hastily, a chapter was put together and it was tagged on to the Plan at the end. What should have been integral was made an adjunct, and no one felt the difference !

I also remember the discussions that I had with Mr. C.D. Deshmukh, then a member of the Commission. I kept raising difficulties in getting foreign aid, about increasing steel production and he said that if those difficulties did come up, the Government would have to go my way, i.e., towards socialism. They were in a sense halcyon days !

Then came the Second Plan. It was our first big stride in planning. A considerable amount of basic work had gone into Plan. It was no longer stringing together of a number of projects, internal consistency was attempted and efforts made correct the lop-sidedness of our economy. The accent on industry, as distinct from agriculture in First Plan, and that too on heavy industry was an expression of both boldness and understanding. With it was evolved the strategy of development, of producing consumers goods—wage goods—through small scale production thereby simultaneously keeping down the need of investment, providing employment and ensuring adequate supplies of consumer goods to match against large investments in construction industries.

The Second Plan in its conception and organisation was a considerable improvement on the First Plan. It however under-estimated many difficulties in execution and assumed that certain organisational tasks would be carried out *suo moto* as it were. It is here that it faced rough weather.

The foreign exchange component of the Plan appeared to have been grossly under-rated. In fact, it was partly underestimated, but mainly it was the failure to warn against the easy solution of importing all kinds of machines from abroad, and not striving to manufacture as much of the component at home as possible and getting from abroad only the unavoidable. Both in the public and private sectors, large imports were intended for and in too great a haste. The result was the foreign exchange crisis. Simultaneously, the terms of trade turned against us due to fall in prices of primary products.

The bumper harvests had made us optimistic about agriculture. The return of bad years, inevitable in cycles of weather, found us

off our balance. It was then discovered that while new irrigation potential was being built with the large river valley schemes under construction a considerable part of traditional irrigation was going out of use because of neglect of wells and tanks. In Bihar, for instance, the area under irrigation has declined by about a million acres between 1943-44 and 1955-56. In Hyderabad, the cost of neglected repairs works out to four to five crores of rupees. Likewise, it was not easy to develop cottage production : even the quota of production allotted to amber charkha had to be cut down. Big projects have cost much more than anticipated and small efforts have proved pitiful—the finely balanced "strategy of development" has misfired !

Thanks to the assistance made available by friendly countries, our foreign exchange difficulties are nearing solution. In the meantime, a crisis of internal resources has emerged. In 1957-58, the financing of the Plan was as follows : Budgetary resources—15.8 per cent (Government savings—5.3 per cent; Loans and small savings—10.5 per cent); External assistance—14.6 per cent; Deficit financing and draft on sterling balances—70 per cent. This crisis threatens to persist.

In view of these difficulties, many voices are raised that caution us against another big Plan. There is a demand for a pause, for a period of consolidation. To heed that advice would be an act of unwisdom. Our population now appears to be growing at the rate of almost 2 per cent. Between 1872-1921 our population increased at the rate of 0.25 per cent, In 1921-51, the rate of increase was 1.25 per cent, Now it is nearer 2 per cent. The decline in death rate has to be accompanied by determined effort at development—or famines and epidemics will overtake us again.

Urbanisation proceeds at the rate of 3 to 4 million a year. Submerged strata of people seek new opportunities and significant expressions. We cannot just mark time. And even a *stand-still* Plan that merely provides for increased population, etc., would require an investment of Rs. 1,000 million a year. To abandon the oars is to get into whirlpool.

We need an ambitious Third Plan but it needs to be drawn up in the light of the experience we have encountered.

A large proportion of our people remain untouched by the Plan. Let us take Bihar as a case study.

The proportion of earning population dependent on

agriculture has actually increased from 78.7 per cent in 1931 to 87.3 per cent in 1951, while the proportion of earning population dependent on industry has decreased from 4.3 to 2.5 per cent, indicating *increased ruralisation.* 40 per cent of rural people are agricultural labourers, some of them still living as "attached labourers", or near-serfs. Even among those who own land, 61 per cent of the holdings are not of more than one acre. While in large holdings above 50 acres the proportion of uncultivated area is as high as 78 per cent. Judged by the per acre yield of crops, Bihar shows the lowest efficiency, the average yields of crops varying within wide limits. In 1951, there were 3.2 million unemployed persons in Bihar, in 1961, their number will be larger.

Here is a case for drastic land reforms. But it will not be enough to lop off surplus lands from large owners. To distribute in small pieces would be of little use. What is needed is enforcement of ceiling on holdings and pooling of surplus lands into co-operatives where landless labourers and petty cultivators, lacking resources and initiative, can come together and develop new efforts with co-operatives with such strategic resources and assistance as is made available by the Government.

A determined effort has to be made to increase per acre yield and thereby incomes of the agriculturists. To introduce new techniques in the rural areas, a number of small industries—as distinct from cottage industries—have to be taken to the villages. Their introduction will improve the infrastructure of the economy, i.e., roads, power-supply, etc., and also bring to rural areas men of initiative and enterprise. It will be necessary to arouse and involve the interest of the agriculturists in development efforts—by decentralising administration as has been ably outlined by the Balvantrai Mehta Team, and by closely associating the peasants (rather their panchayats) in the organisation of small industries, as has been achieved in Yugoslavia. A significant impact on unemployment can be made by drawing up works—projects—deepening tanks, strengthening wells, building lands, cutting channels, afforesting eroded area—that would simultaneously provide work on comparatively low wages and help to augment production. Such an intensive approach at planning in rural areas depends upon our ability to foster organised efforts. In the Second Plan, we failed to generate *organisational potential.* A similar failure in the Third Plan would be fatal to our future.

As intensive planning demands territorial (administrative) decentralisation, so will it require functional decentralisation. Various industries need to form comprehensive Associations of their own and undertake, under Government supervision, the responsibility of production, quality control, export-promotion, etc. In a democratic society, the Government should not be asked to do everything, there has to be involvement in the processes of planning and investment of largest number of people.

It is necessary to institute some form of compulsory social service. Other countries have compulsory military service for two years. We do not need such militarisation, but the discipline and team-work other nations impart to their citizens we need even more desparately. That can be achieved by expanding mobilisation of young people for social service.

In the next two years intensive research must help us to decide the optimum size of units of production in various industries. Wherever smaller units can be efficiently utilized they should be preferred because they would enable better regional balance in development, arrest urban agglomeration and provide introduction of new efficiency potential and diversification of occupations and techniques in rural areas.

The new dimension that has to be opened up to discover fresh resources for the Third Plan is that of organised efforts. Co-operatives promise to be the key stone of the arch of the Third Plan.

Our First Plan was smaller than our resources; the Second Plan strained the resources, because the Plan was large but the resources remained given. The Third Plan demands us to work on both the resources and the Plan through organised efforts impart a new resilience to our resources.

4

MAIN ISSUES BEFORE THIRD PLAN

ASOKA MEHTA

Before we can draw up even a tentative blue-print of the Third Plan, it is necessary to have a clear consensus in the country on the main issues. The approach to the Plan will ultimately shape the pattern of the Plan. A certain approach has been developed during the Second Plan and it remains to be decided whether its implicit assumptions need to be made explicit and endorsed by the people.

Mr. Maurice Dobb has posed the alternatives effectively : "If the more quick-yielding forms of investment are chosen, then the course of consumable income of the *near* future will tend to be larger to the extent that new clothing factories, etc., come into operation and begin to pour their products into the shops. On the other hand, the rate of *future* development will be restricted by the limited capacity of the industries producing machines and equipment; so that expansion in, say, the second quinquennium and the third quinquennium cannot be so great (leaving aside the question of imports from abroad) as it could be if priority had been given in the first place to expanding the capacity of the industries which produce capital goods. By contrast, if the constructional programme is initially geared so as to give priority to the latter—then the flow of consumer-goods in the first few years will grow more slowly (and will be smaller than under the alternative scheme). But future developments in, say, the second quinquennium and after can be much more rapid." (*Some Aspects*

of Economic Development, p. 51).

The time assumed by Mr. Dobb is unduly short. Nor does it follow that opting for quick future development must mean smaller quantity of consumer goods. They have to be produced in the decentralised sector of economy where organised effort has to act as a substitute for capital. If the production of wage goods lags while capital industries are persisted in, an inflationary situation must emerge. If undue inflation is to be avoided if rigorous controls are to be eschewed, decentralised production must maintain a high rate of growth. In a democratic society a capital-goods oriented plan can be adopted only to the extent the necessary rate of growth in the decentralised sector or production can be achieved.

Some years back Prof. W.G. Hoffmann tried to discover, by studying over a long period of time industrial developments in various countries, the general law of industrial growth. He reached interesting conclusions. He found that the pattern of industrial growth passes through three different stages. In the first stage, domination of consumer-goods industries. In the second stage, capital-goods industries expand more rapidly than consumer-goods industries. In the third stage, balance between consumer-goods industries and capital goods industries is achieved. The ratio slowly shifts from 5 : 1 to 1 : 1. If the ratios of consumer-goods industries to capital goods industries over a period of time are charted for different countries, three distinct rate of decline can be observed : (a) Those with a sharp rate of decline (Japan and Germany); (b) Those with a medium rate of decline (Britain, France, Belgium); (c) With a low rate of decline (U.S.A., Canada, Argentine). If Professor Hoffman had the data of the Soviet Union, when he wrote his treatise, a fourth category would have been listed.

A sharp decline is the result of State intervention. Left to itself industrial growth follows a leisurely tempo and the shift from consumers goods to capital goods is achieved in conformity with a slow pace of economic maturity.

Prof. Hoffmann also separated different dominant industries as characteristic of each period. "Our analysis of the process of industrialisation reveals the existence of three major groups of dominant industries : (i) textile and clothing; (ii) food and drink; (iii) iron and steel, metal goods and engineering. The manufacture

of textiles and clothing has been a dominant industry in one country or another throughout the progress of industrialization. On the other hand, the food and drink industries have generally been dominant in the first two stages of industrialization, while iron, steel, metal goods and engineering industries are dominant in the third stage only." (*The Growth of Industrial Economics*, p. 136).

This is normal though not inevitable rhythm of industrial development. There is no inherent, irrepressible urge in industrialisation to shift from one stage to another. India had a highly developed textile industry for long without resulting in any shift. Likewise, it is possible by sponsored action for governments to hasten or alter the shift and stages.

A recent writer, after another comprehensive survey, has brought to a focus the relevant conclusions : "Not only the pace but the character of economic development influences the extent to which public enterprise has to be used. If the concentration is upon *heavy* industry, the public sector is likely to have a particulary important part to play. As we have seen, the 'heavy industry' pattern is in a very real sense the least 'natural' of all patterns of economic development. It involves the creation of a technically complicated, capital industrial apparatus, of low or negative immediate profitability—precisely the kind of structure that private enterprise (unless it be foreign) is least capable of erecting. Even when light industry is comparatively well developed, there is no iron law that predisposes private capital to transfer resources to the heavy department." (*A.H. Hanson* : *Public Enterprise and Economic Development*, p. 189).

In capital-goods oriented plan, it is obvious that public enterprise will have to act as the pace-setter. The initiative and scope left to private enterprise will be secondary. With the emphasis on public sector, a comparatively larger share of the savings will have to be channelled to the Government. Even a small shift in the use of savings has a much larger impact on the incremental savings—there the shift becomes decisive. The implications of it for Government's fiscal policies are obvious : it means a very large proportion of the incremental savings of the community will have to be gathered up in taxes. Then we should not say taxes hurt, and the necessary safeguards against wastage should be built in the Administration in advance.

Which are the industries that are capable of imparting the maximum growth stimuli to the economy ? Statisticians have calculated the impact of different industries both backward and forward, that is, their capacity to stir up and energise production both in raw material sector from which an industry draws its supplies and in the fabrication sector to which it supplies base material. While no such studies about our country are known to me, H.T. Chenery and T. Watanabe computations for Italy, Japan and the United States can provide some guidance. The highest "linkage affect"; backward and forward taken together, is to be found in the iron and steel industry. It has the highest power of dispersion, of stirring up the crucial inter-sectoral relations. As Prof. Albert O. Hirschman put it, "It is interesting to note that the industry with the highest combined linkage score is iron and steel. Perhaps the underdeveloped countries are not so foolish and so exclusively prestige-motivated in attributing prime importance to this industry." (*The Strategy of Economic Development*, p. 108).

As a consequence of development (and the effect is greater if development is unplanned) the share of profits in the national income will go up. In a rising national income a large share accrues to profits. As an instance : The real net domestic product doubled between 1939 and 1950 in Mexico. The rate of growth of 7 per cent has been maintained, and the 1957 Mexico registered 10 per cent increase in domestic product. The Combined Mexican Working Party in its Report has the following observation to offer : "In 1939, wages, salaries, and supplementary payments to workers accounted for 31 per cent of the net domestic product. In the same year, profits before taxes were 26 per cent of domestic product. In 1946, however, profits had risen to 45 per cent of the total, more than twice the amount of wages and salaries, which in the meanwhile had fallen to only 22 per cent of the total. In the same period mixed incomes (mostly agricultural earnings but also some profits) had also declined from 28 per cent to 22 per cent. After 1946 some change in the opposite direction occurred, profits declined to 41 per cent of net product of 1949, and wages and mixed incomes increasing to about 24 per cent." (*The Economic Development of Mexico*, p. 7).

This does not mean that in Mexico, in the same period, *per capita* consumption did not go up. It did. But wider margins

of profits, in an expanding economy, made it possible to channel higher investments in the economy. As much of the development was unplanned, it also led to sharpening of inequalities. Where a nation is committed to the articulation of socialistic society, either through heavier taxation or through rapid expansion of the public sector the resulting imbalance in the economy has to be corrected. The significant point is that it would counter development to frustrate the share of profits in an expanding national income from increasing. Our allergy towards profits has to be overcome.

I have deliberately highlighted some of the neglected areas of our understanding about development. What I have discussed about the issues on which there is likely to be considerable resistance after the new Plan is launched unless clarity and crystalisation of opinion are achieved before hand.

Naturally, there are many other aspects of planning—pertaining to agriculture, employment, small industries, regional balance in development that deserve extended consideration. But I am anxious at this stage to focus attention, and evoke discussion, on what I deem to be the most controversial aspects of the next Plan. It is wise to seek consensus on the core of the Third Plan, not after we face rough weather but before we embark on the adventure.

5

SOME THOUGHTS ON THIRD PLAN

ASOKA MEHTA

(1)

The debate on the Third Plan has already started. Should it be another big Plan ? Do not the needs of the country, economic as well as political, require that the tempo of development be kept up ?

As against that others turn to our shrinking resources, to the accumulated cost and as yet meagre results of the Second Plan. On such slender and insecure resources is it wise to rise the fabric of another Plan especially when this one proved so depended on external assistance ? By the end of the Second Plan, our foreign debts will amount to Rs. 1,300 crores and in the Third Plan period not only will Rs. 60 to 65 crores have to be provided annually as interest but nearly Rs. 423 crores will have to be repaid.

With these liabilities is it not better to have a pause of consolidation, particularly because increased taxes and rise in prices have put a heavy strain on the people ? It is necessary to analyze the arguments on both sides.

Participants on both sides of the debate will agree that those schemes from the Second (and from the First too) that may not be completed by the end of the Second Plan must be pushed ahead. It is not possible to provide an estimate of the spill-over, but it is likely to be significant.

It will likewise be readily agreed on both sides that productive

resources created must be fully utilized. This has not always happened. Irrigation potential created, mainly with major and medium irrigation schemes, has often remained un-utilized either because distribution have not been constructed or the rates have been so high as to be unattractive to the cultivator. He should be provided with the necessary credit and helped to change his rhythm of life and work. Irrigation must lead to double or multiple crops and for these, persuasion, demonstration and assistance are necessary. The efficacy of a betterment levy in bringing about the transformation needs to be assessed.

(2)

Let us first consider the needs of development. No serious persons will want to discuss our needs in abstract or ideal terms. It is futile to compare India's miserable per-capita income of $ 56 a year with that of the U.S.A. ($ 1,960) or the U.K. ($ 836) or even Japan ($ 212). The difference threatens to increase from year to year, and there can be for us no question of catching up with the West and surpassing it. On the basis of projections made in the earlier Plans, i.e., on the basis of bigger and bigger Plans involving higher and higher effort, the per capita income will be just $ 100 by 1973-74. To move away from the projection is to abandon even the pitiful hope of this 50 dollar increase in per capita income over a period of 25 years.

But events have proved the projection to be over-optimistic. The various prunings of the Second Plan and the rise in prices which have made the physical content of the Plan smaller than assumed in financial terms, will make it impossible to achieve a 25 per cent increase in the national income as envisaged in the Plan.

SHARING THE CAKE

In addition the predicted rate of population growth has proved to be an under-estimate : the Plan had assumed a rate of growth of 1.2 per cent a year. It now appears that the rate is nearer 2 per cent than 1 per cent a year. This higher rate reduces the per capita income, it flattens out the curve of increase. Thus the cake of national income will not be of the size envisaged and

the number of shares will be larger. Any slackening of the development effort will adversely affect the size of the cake—its rate of expansion—without checking the population's rate of growth.

The same problem can be stated differently. The net national income of India in 1956-57 was estimated at Rs. 11,000 crores. With the population increasing between 1.75 per cent to 2 per cent, the increase in income necessary *for the purpose of merely preventing the standard of living from going down* is about Rs. 200 crores a year. But a larger sum must be invested to produce this increase in national income, and it is calculable that an investment of at least Rs. 500 crores a year is needed to maintain our meagre standard of living. *That means that even a stand-still Plan requires an investment outlay of Rs. 2,500 crores over a period of five years.*

A stand-still Plan might harden the rigidities of the economy; in an expanding economy it is easier to soften disparities. A stand-still Plan would involve a freeze in social reform and change. If the elbow room needed for such change is to be obtained, national income must increase by at least 2 per cent a year, which means an investment of another Rs. 500 to 600 crores a year. The minimum outlay thus works out to Rs. 5,000 to 6,000 crores over a Plan period.

EMPLOYMENT

Then there is the question of employment. In the Second Plan the back-log of unemployment from previous years was estimated at 5 million, and it was believed that there would be another 10 million new entrants in the labour field seeking employment. The employment potentiality of the Second Plan was put at 8 million. In view of the shortfalls in the Plan, this figure may not exceed 5 to 6 million. Because the population's rate of growth has turned out to be higher than estimated, in future the number of new entrants will go up. If any worthwhile impact is to be made on unemployment, the Third and further Plans must provide for 10 million or more jobs.

The traditional social and economic order covers up a lot of under-employment. As the old social *mores* weaken and the traditional order decays, as they must, the veiled unemployment will come in the open. Any neglect of employment is thus instinct

with disaster.

(3)

FOOD PROBLEM

Before we consider our resources, it is necessary to discover whether we have, in the past eight years of planning, used them wisely. Has there been any real development ?

It is often argued that inspite of the large expenditure on irrigation, etc., the food problem remains intractable. It is also argued, often by the same person, that the main defect of the Second Plan has been inadequate allocation for agriculture. Even after conceding elements of truth in both these criticisms, I would like to point out that food production has been steadily going up.

The food problem remains intractable not because production is stagnant but because demand is moving up fast. It is neglect of the uncoiling of demand that leads even intelligent people to bemoan our failure on the food front.

Failures there have been—partly administrative, largely organizational—and it will help to remedy the failures if the statement of the problem remains clear. It is significant that in some States even the present allocations for agriculture remain partially unused. Until the administration is geared up and organizational channels set out, the bottle-neck will not be finance.

COST OF DEFENCE

It is often suggested that a great part of the resources raised have been diverted to non-development activities. Defence expenditure has gone up (from Rs. 170.96 crores in 1951-52 to Rs. 278.14 crores in 1958-59), so has expenditure on civil administration. Even in development services, like Community Development, it is generally agreed that expenditure on buildings and staff has been disproportionate. Having conceded this, let us get the right perspective.

Total development expenditure, both on revenue and capital accounts, has increased from Rs. 490 crores (in 1951-52) to Rs. 1,480 crores (in 1958-59), an increase of 200 per cent. Non-

development expenditure has increased, in the same period, from Rs. 538 to Rs. 809 crores, or 50 per cent. Development expenditure as a percentage of total expenditure has increased from 47.6 to 64.6.

The net criticism is that the development effort, whatever be its worth, is being attempted at the cost of unbearable of burdens on the people.

PATTERN OF TAXATION

Let us then study the pattern of additional taxation in the two Plan periods. During 1951-56 Rs. 276.8 crores were raised in additional taxes (Rs. 196.4 crores by the Centre and Rs. 80.4 crores by the States. Of the total sum Rs. 60.4 crores were raised through direct taxes and Rs. 216.4 crores by indirect taxes). During 1956-59, the tax burden has increased by Rs. 452.3 crores (Rs. 373 crores at the Centre, and Rs. 79.3 crores in the States). The break-up between direct and indirect taxes is as follows : Rs. 53.7 crores from the former and Rs. 398.6 crores from the latter, in which Central Excise Duties account for Rs. 271.8 crores.

As far as new direct taxes are concerned, agriculturists during the two-Plan years, have paid only Rs. 11.4 and Rs. 7.3 crores as agricultural income-tax and increase in land revenue. Urban property owners have paid Rs. 49 and Rs. 46.4 crores. When the volume of development expenditure is taken into account (Rs. 7,250 crores in eight years); the increase in direct taxes is not crushing (though certain sections may have been hit hard). The quarrel is really with the indirect taxes.

The Government's development policies have necessitated restrictions on imports, encouragement of exports, and deficit financing. (The Central Government's revenue surplus declined from Rs. 128.1 crores in 1951-52 to Rs. 5.05 crores in 1951-52 to Rs. 5.05 crores in 1957-58 only to be converted into a deficit of Rs. 27.02 crores in 1958-59). Such a policy inevitably exercises upward pressure on prices. (There has been an increase of 15 per cent during 1956-59 as against a *decline* of 7 per cent during 1951-56). Most of the commodities that pay additional excise duties have risen in price. The consumer would have had to pay more in any event. It would have been very difficult to get at the windfall profits of manufacturers and traders through direct

taxation. The choice was between permitting certain classes to make extra gains or getting them for the Exchequer. The choice never existed between stable prices and increased prices. The consumer was foredoomed to pay more.

TWO CHOICES

The argument then shifts to the policies pursued by the Government. Was it wise to follow such inflation-inducing policies ?

The Plan outlay between 1956-59 was Rs. 2.466 crores. Of that amount Rs. 554 crores came from budgetary surpluses (including the contribution of railways) produced by the sharp step-up in taxation. If that tax effort had not been made, the surplus would have disappeared. Loans, small savings, etc., accounted for Rs. 572 crores. It is doubtful if banks would have subscribed to loans in the measure they did if the inflationary pressure in the economy had not provided them with boom conditions. External assistance amounted to Rs. 458 crores at which cautious men prefer to look askance. Deficit financing accounted for Rs. 882 crores, which prudent finance frowns upon. If all the objectionable sources of financing had been eschewed, the Plan expenditure would have shrunk by 75 per cent. Would such a large-scale jettisoning of development projects—assuming that it was possible—have left the economy and healthier, or the people less burdened ?

The choice was between two sets of discomfort. And the choice we made was not unwise.

This apologia does not mean that I condone extravagance and waste in administration and society. When our resources position is so difficult the two-fold waste is a crime.

(4)

I shall be told that these long arguments do not add to our resources—which after all condition the size of the Third Plan. It is to that ultimate core of the Plan to which we must now turn.

The resources position has been deteriorating. The sterling balances with the Reserve Bank have come down from Rs. 746 crores at the beginning of the Second Plan to Rs. 180 crores (and that with a drawal equivalent to Rs. 95 crores from the I.M.F.). The total deficit in the foreign exchange account will be nearer Rs. 2,000 crores than Rs. 1.100 crores, as was estimated when the Plan was drawn up. That means that nearly a third (32 per cent) of the Plan outlay will come from foreign loans (23 per cent) and running down of our foreign balances (9 per cent). In the First Plan the comparable figure was Rs. 190 crores (6 per cent).

TERMS OF TRADE

India's favourable terms of trade during the First Plan resulted in a gain of Rs. 325 crores. During the Second Plan, in the first two years, the gains dropped to Rs. 68 crores and a loss of Rs. 7 crores respectively.

The following table (see p. 49) gives a fuller insight into the financing of the Second Plan.

Deficit financing for the first three years (1956-59) amounts to Rs. 917 crores or 37.4 per cent of the Plan outlay during the period. During the remaining two years of the Plan, external assistance is expected to contribute Rs. 642 crores, deficit financing between Rs. 200 to Rs. 300 crores, and budgetary financing between Rs. 200 to Rs. 300 crores, and budgetary resources Rs. 900 crores (of which over Rs. 600 crores will be from loans and savings).

The Second Plan got into serious trouble in the second year itself. In that year the Government's savings dropped to a fraction of the previous year, and loans and small savings received a poor response—the Plan was kept afloat by deficit financing to the order of 70 per cent and external assistance of 15 per cent. In 1958-59, voluntary savings show buoyancy, but the Government has entered the phase of dissaving !

It is in this context that the report of the Central Pay Commission will have to be considered, the legitimacy of the claims of Government employees notwithstanding. An increment of Rs. 5 a month per employee means nearly Rs. 25 crores a year

(*Rs. in crores*)

	1951-56	*1956-57*	*1957-58*	*1958-59*	*1956-59*
Government savings	350.3	91.5	38.1	—25.9	103.7
	(23.3)	(15.6)	(5.3)	(—3)	(4.7)
External Assistance	181.1	37.5	140.9	324.9	467.3
	(12)	(6.5)	(14.6)	(37.8)	(21.6)
Voluntary savings	634.4	219.8	75.6	323.5	616.9
(Loans, small savings, etc.)	(42.2)	(37)	(10.5)	(37.5)	(28.2)
Forced	336.0	238.0	499.0	238.0	997
savings	(22.3)	(41.8)	(70)	(27.6)	(46)
(Deficit financing draft on sterling balance, etc.)					
Total	1501.8	536.8	717.6	860.5	2164.9

Figures in brackets shows percentages.

for the Central and State Governments (1.8 million employees of the Central Government and 2.1 million of State Governments, not to speak of the 1.7 million employees of local bodies).

It is not easy to assess the resources available for the Third Plan. A budgetary surplus is likely to be non-existent. When one moves from one Plan to the next, a number of activities started under the Plan have to be continued, and it becomes expenditure outside that for the next Plan. That is why there is generally a sharp fall in the ratio of development expenditure to Plan outlay when a new Plan is launched—generally from a little less than 2/3rds to a little over a half.

To add to development expenditure a fresh draft on people's income becomes necessary. Even a stand-still plan will need a fresh tax effort, on a significant scale, in 1962.

There is, therefore, little hope of reduction in taxes and every prospect of new imposts. That underlines the imperative need for economy and vigilance. Parliament needs a special committee on economy and expenditure, as the U.K. had during the two World Wars.

HEAVIER TAXATION

The yield from direct taxes needs to be improved. The Finance Ministry's complaisance over the near-stagnation of revenue (Rs. 187.6 crores in 1951-52; Rs. 220 crores in 1958-59), massive development expenditure notwithstanding, is disturbing. The findings of the Direct Taxes Administration Reforms (Tyagi) Committee will deserve close attention. There is tax evasion as well as escape from the tax net altogether.

Through frequent sample surveys, incomes of different sections of traders, manufacturers, contractors and professional people need to be studied, particularly in major urban centres. Streams of income generated by the Government, e.g., through Rs. 1,000 crores spent on construction during the Second Plan, need to be followed to see what the exchequer gets, or fails to receive, through their multiple effects. The research unit of the C.B.R. needs to be greatly strengthened to provide suggestive data to tax officials for fruitful inquiries and significant checks. "Polyvalent brigades" of tax officials connected with different tax authorities, e.g., sales tax. income tax, should periodically "swoop down" on

different trades, etc., in different regions. It may be useful to consider carefully the desirability of nationalizing book-keeping (as in Yugoslavia) to check-tax-dodging.

It will also be necessary to bring within the ambit of the Expenditure Tax a larger number of persons. The need for austerity will demand stringent control of higher consumption. In the last analysis, it may be necessary to consider a once-for-all capital levy, to make the Third Plan possible.

It will be necessary to step up the small savings drive, and to extend insurance to the farthest limits. Prize bonds and State lotteries need not be dismissed off hand as has been our wont.

All these efforts at economy in administration and efficiency in tax-gathering will not, however, produce resources sufficient even for a stand-still plan. What then shall we do ?

The lack of capital has to be made up by the most productive use of land and labour, not by demanding additional doses of capital (for it is not available), but by better organization. The size of the Third Plan is thus determined by our organizational ability.

(5)

Before we explore the difficult area of organizational efforts, it is useful to discuss briefly the pattern of the next Plan, because not only the size but the pattern too depends, to a large measure, on our organizational effort.

Whether steel is the core of the Plan is arguable, but none will contest the fact that agriculture is the base of the Plan. The primacy of agricultural production is recognized and that gives a certain bias to the Plan.

MUST CREATE JOBS

Growing unemployment makes it obligatory to have the next Plan employment-oriented. It must create employment opportunities for many millions, which means that large parts of the ~~Plan~~ will have to be labour-intensive.

It will also be readily conceded that the growth of the developed sector should not be at the expense of the undeveloped sector. For example, in the sugar industry the following position

prevails :

	Production (Million Tons)	*Employment (in 1000)*	*Capital (Rs. crores)*
Cottage	3.15	2258	39.0
Factory	2.04	150	54.73

The growth of the factory sector at the expense of cottage production, is no growth, only an increase in the misery of those put out of work. The test of development lies in making the tools and techniques of cottage production more efficient.

These are aims that command universal allegiance. That realization, however, creates the same problem that one meets with other kinds of Plan. *Productivization of traditional methods*, undoubtedly makes little claim on capital but a considerable draft on organizational effort.

Organization is not just institutions, though organizational effort is facilitated by a favourable institutional frame-work. It is not enough to say that agricultural production can increase through co-operatives. It is also necessary to say who will organize the co-operatives and who will make them tick.

If our economy had not got complicated with a large and expanding urban sector, we could have concentrated on rural orientation in planning. We have today 70 million people in urban areas, and they increase at the rate of 3 to 4 millions a year. The urban population must produce goods and services to get food and raw materials they need from rural areas. This expanding urban population makes social and economic life more complex, and makes it incumbent on us to provide a more involved orientation to plan that which sarvodaya friends envisage.

Extension of the public sector as a part of economic development is necessitated by the inability of the private sector to branch out into heavy industry etc. and also by the need for resources for development, which an extension of the public sector might bring into the hands of the State. The recent decisions to socialize wholesale trade in foodgrains and extend co-operatives are meant both to help agriculturists and enable the State to tap the surplus that improved production generates.

but above all from determined persons who set the pace. Such pace setters are either men filled with missionary zeal or form an indoctrined party cadre. All the dedicated persons that Sarvodaya or the Bharat Sevak Samaj can provide are welcome, provided they undergo an initial period of training.

NOT ENOUGH

But they will not be large enough in number to meet the needs of half a million villages—where a fifth of the population lives in villages of less than 500 people, and another fifth in villages of 500 to 1,000. Party cadres, as things stand, do not serve constructive ends very much.

What is then our instrument for organizing people in the rural areas—apart from exhortations ? I believe the forgoing of a new instrument is the key to success.

We should initiate compulsory social service and initially recruit a million young people—a tenth of them from universities and other educated strata. These persons should be under mobilization orders for two years. They should be modestly looked after at the cost of Re. 1 per day per person. The million mobilized should be utilized in groups to level land, construct bunds, deepen tanks, dig channels etc. Like shock brigades they should undertake overdue tasks and exhort others to join them in sustained action.

These people, being mobilized, will be partially trained, supervised and disciplined to carry out orders. The educated will gain experience of rural and manual work and will have opportunity to impart literacy to others in their groups also to organize cultural activities. They will also assess resources in villages and help with their efficient utilization.

The persons recruited from rural areas will learn, while earning a small income, the art of working together and in a disciplined fashion. After two years' mobilization, when the recruits return home, they will carry with them a new sense of disciplined action. That way the leaven will grow in the lump.

The force of a million or two so organized and rotated every two years would provide an instrument through which agreed schemes of rural development would be implemented. Around this mobilized, and hence disciplined, force of a million or two

considerable voluntary mobilization will take place in villages for constructive effort. The Social Service Corps will augment production by many times more than what is spent on it, which inclusive of training and supervision, need not be more than Rs. 50 crores a year for a million persons.

Without such a force, efforts at food production must remain a gamble on the rains, a gamble on the mood of the people.

Planning in the difficult circumstances that have arisen will require numerous regulations. The more organizations or associations are helped to achieve self-regulation, the less will be the need for State regulations, which usually tend to be irksome.

For instance, the cotton textile mills have now an all-India Association. The Government can endow it with a charter, and make it obligatory for every mill to be a member and under collective discipline. It would be for the Government to work out with the Association the needs and responsibilities of the industry. While endeavouring to meet the former, they can make the Association responsible for the latter.

The Association's team of experts can examine mills in difficulties and help them to get over them—that is help them to maximum efficiency within the means available. Through cost accounting, under supervision of the Government, the Association could keep the margins of different mills in the process of production under check, help the export drive, organize quality control, assist in the improvement of textile machinery and remain answerable—because it will have the power to punish an erring mill—for the efficient functioning of the industry.

TRADE UNIONS

Another example : fragmentation in the trade union movement must end. Trade unions must be united and rationalized. The new unions should have the right to organize "union shops." The unions will not only look after the interests of workers but should shoulder responsibilities in production. To ensure effective democracy in the unions, a body like the Election Commission should be set up to hold periodical elections impartially. The nationalization of book-keeping will prevent watering of accounts, which some unions have sometimes attempted.

I have sketched the outlines of just three organizational

innovations. There have to be many more. The point I wish to make is that organizational potential does not emerge by just creating forms, nor is public exhortation (a depreciated coin !) a substitute for well-thought-out operational efficiency.

Organizational effort has to be made in the context of administrative reforms (such as those outlined by the Balwantrai Mehta Team) and social changes already announced, like ceilings on land holdings. Without forging the kind of instruments I have suggested, reforms, whether administrative or economic, will remain ineffective, or worse : weaken the social fabric.

COMMUNIST METHODS

It should be realized that our efforts cannot produce the results obtained by Communist countries. The reason is obvious : they use a fifth ingredient of production—terror. Terror, exercised within limits, can act as a galvanizing force—even as it has its demoralizing effects. Because we are averse to terror, we should not renounce the benefit of disciplined, co-operative functioning which should be the pride of a stable democracy.

Such a deepening of democracy will demand a new climate of opinion and a return with renewed ardour to the values of our national movement. That means national unity, and a sense of urgency evoking a spirit of dedication. For that, political understanding has to be achieved.

The Third Plan depends upon people's capacity "to disturb the established routine of life and work." In order successfully to invite them to such an effort—which is so crucial to our future, because needs brook no delay in development, and our resources so handicap us—we have first to shake ourselves out of our "established routines of life and work."

If the elite—and more so, the political elite—can attempt this in the remaining two years of the current Plan, we can face the Third Plan with confidence, because we shall then have touched and opened a vein of resources abounding—the elan and organised effort of our countrymen.

6

EXTERNAL AID FOR THIRD PLAN

ASOKA MEHTA

What are the prospects of our getting the external finance needed for our Third Plan ? In particular, how good is the climate for investment in India, in the public as well as the private sectors, in the United States ?

It is not easy to answer these questions in concrete terms, partly because we ourselves have not formulated our proposals. One can merely guess at the size of the next Plan and its foreign exchange component. Assuming that we are going to have a Rs. 10,000-crore Plan and the foreign resources needed are likely to be $ 5 billion in the Plan period, do the prospects look encouraging ?

Here again, one can comment only on the general climate of opinion in the U.S. because we have not come forward with firm proposals nor do we expect the whole amount to come from the U.S. We expect to get $ 5 billion from various currency sources—dollars, sterling, marks, roubles—and also from international organizations like the World Bank. So far we have roughly received, for our first two Plans, foreign assistance equivalent to $ 3.5 billion of which $ 1.5 billion has come from the U.S., 0.5 billion from the Communist countries and the remaining 1.5 to 1.7 billions from other countries and institutions.

The break-up of the next dose of $ 5 billion we need will have to be somewhat different. A larger proportion can come from the U.S. It is interesting to find that a growing section of

the American people is slowly getting accustomed to the idea of billion-a-year aid to India.

BALANCED BUDGETS

Any suggestion of cutting off aid to India, as ex-Senators Knowland and Bricker tried to do earlier, will get no response. Knowland lost in his home State, California, by a million votes and that has its own lesson to teach. The purse strings, however, will not loosen fast because the Eisenhower Administration has made a philosophy of balanced budgets. As Dean Acheson told me with some bitterness, it is the Bureau of Budgets and not the State Department that makes the foreign policy in the U.S. today!

Even those in Congress who are opposed to mere balanced budgets at the expense of economic growth, at home and abroad, are not able to do much. As the new Senator McCarthy pointed out, the manoeuvrability left to the legislative branch is about three per cent either way! In the framework of balanced budgets the two main parties contest to fit in the things they desire—the fight is over the distribution of the cake and not over the size of it.

Senators Fulbright, Humphrey and Kennedy are seeking to amend the Mutual Security Act in various ways: first, to put the foreign aid programme on a long-term basis. The suggestion is to agree to a five-year programme of $ 1.5 billion a year. Secondly, greater flexibility is sought for transferring funds voted for military aid to economic development. It is desired to extend the transfer from 10 per cent to 30 per cent of the funds voted. The Senators are confident about the adoption of the new principles they advocate, but the actual amount may be a billion or even less per year—and that would have to meet the needs of all the underdeveloped world!

MAIN OPPOSITION

The main opposition comes from the House Representatives and that for more than one reason. The House is elected every two years and Members are sensitive to the charge, which the Republicans love to hurl against the Democrats, of being "spenders."

Secondly, the American Congress works chiefly through

Committees. Positions on Committees, and assignment to important Committees, go by seniority. Even though the Democratic Party, which has been adopting increasingly liberal platforms has a decisive majority in the House the key posts go to the Southern Democrats who are generally diehards.

In Party Conventions these diehards lose 4 to 1, but in Congress they are in a position to stall that very programme! For instance, Howard Smith, Democratic Chairman of the Rules Committee of the House, has been blocking a programme of welfare which the Senate has pushed through. Verily, there are far too many checks and balances in American democracy! The House, therefore, tends to be cheeseparing.

The mood, however, is changing. Senator Lausche, who was catapulated into the Senate from the House in the 1958 elections, recently said in the Foreign Relations Committee (of which he is a freshman member) that he had come determined to oppose the "nonsense" of foreign aid but that the discussions in the Committee had made him change his views. A similar change in understanding is going on among a wider public. Presidential hopefuls like Senator Kennedy (and to a lesser degree even Nixon) can talk of a Marshall Plan for Asia and evoke support.

The American people are freeing themselves from the constraint into which the McCarthy period put them. Their essential decencies and generosity can be appealed to once again. On this renaissance of liberalism different estimates are offered. The east and west coasts are hopeful, but I am told it is the mid-West which still retains the old stance. While opinions vary on the extent of change, nobody doubts the fact of the change.

The 1960 Presidential election will be important. It can prove as important to America's international relations and to the energizing of world economy as the 1932 election of President Roosevelt proved for the United States. Given courageous leadership the American people can be induced to endorse and participate in an international New Deal. Both the parties are likely to put up Liberal candidates. While it would be foolish to spot the winner, or even to discuss the possible candidates, it is safe to say that from 1961 we may hope to find an almost open door to aid programmes.

BOLDER PLAN

There are many who complain about the slow rate of growth of the American economy—just 2.7 per cent a year. There are 5 million unemployed today. If only the economy could be organized to provide work for all of them to remove the slack and hold back inflation ! America's economy, which is nearing an annual production of $ 500 billion, can further step up output by $ 70 to $ 80 billion a year. Those who are plugging for such a policy in the United States are not happy over our modest demands for aid. They feel that India should draw up a bolder Plan and confront the United States with the task of underwriting such deficits as might warrantably emerge. Dean Acheson, for instance, unfolding his ideas to me, said that in his view the United States should pick out India and Brazil and, as it were, guarantee their development needs. Walter Reuther voiced similar ideas.

Fidel Castro, the new ruler of Cuba, seems to have taken this advice in his characteristic colourfulness and has asked for $ 20 billion aid for Cuba !

Mr. Adlai E. Stevenson, as usual, has a realistic understanding. He feels that much of the aid provided in the past has not helped development and that it has caused frustration in the lending as well as the receiving countries. In his view there is growing disillusionment over purely military aid programmes. There is need for caeful planning—and that should not be deemed as attaching strings. He told me that if the Western countries could all come together in a consortium American aid could flow more freely and the Soviet Union be challenged to play its part in it. I believe that the more projects we have on tap, the more precise our blueprinting of the Plan, the easier should it be to get the aid we need.

There is a somewhat responsive mood towards India today in the United States. The old misunderstandings obtrude less, some even feel a subtle attraction. It is possible and necessary to put across the real image of India to the American people. There is usually a gasp when one points out that the population of India alone is larger than the combined population of the continents of Africa and Latin America.

In the Senate the atmosphere is distinctly hopeful though

leading Senators have different assessments of the quantum of aid. The House of Representatives is more difficult, but the changed mood in the country should make an impact on Congressmen sooner or later. Mr. George Meany, President of the A.F.L.—C.I.O., showed me the letter he had sent to Mr. Dillon of the State Department urging help to India to set up a new steel plant Such a demand can be backed with support not only from organized labour but the wider public.

There is some change in the attitude of the business community. If in politics India's "neutralism" is no longer the estranging issue, so in matters economic, "socialism" is no longer the bogeyman. Mr. Averell Harriman, for instance, has been speaking to business audiences explaining and defending India's right to be "socialist." As our Consul-General in New York was telling me some leading men from Wall Street are anxious to constitute a kind of advisory committee to remove possible misunderstandings and assure co-operation to those who may plan to invest capital in India.

SURPLUS FOOD

On the use of surplus food stocks for economic development, the undestanding of the public here is as immature as in our country. The U.S. Government is spending $ 1.7 billion a year merely to store the surplus food and fibre that, unless quickly utilized must deteriorate. The soil bank idea keeps coming up. The development potential that food loans can provide has yet to capture the imagination of the peoples concerned.

The Government and Congress might decide to send out a Mission to India to study her needs, as was done by the Herter Mission in Western Europe before the Marshall Plan was launched. Such a Mission I hope will have the wisdom not to tell us what we should do, but it would be useful to discuss the competent team that this is bound to be our needs and our hopes.

Given informed and imaginative leadership on our part we can in the next two or three years make sure of the foreign exchange requirements of the new Plan. Mr. B.K. Nehru can be relied upon to work that out. It would then be our task to mobilize the moral and economic resources of our people for that organizational leap forward on which ultimately depends the

extent of our *internal* resources and the size and the pattern of the next Plan. The sooner we are free from anxieties about external needs the fuller will be our attention to internal mobilization of resources.

7

PLANNING BEYOND ECONOMICS

ASOKA MEHTA

Economic planning in India faces not only regional diversity but cultural heterogeneity. It was Gurudev Tagore who had pointed out in our country all centuries exist side by side. This co-existence in time adds a new dimension of difficulty in economic development to which sufficient attention has not been paid.

There are large tribal tracts where the people live in pristine primitiuism. Then, in the vast expanse of agricultural India the archaic man lives his traditional life with his characteristic mores. Then there are sprawling cities where industrial civilisation keeps its paleo-technique wheels moving. The industrial island is encroaching upon the archaic sea.

There is then, the long tradition of the axial man, with the twin meaning given to the word axial by Lewis Mumford : It was another American sociologist who coined the phrase "the other directed man" to characterise the new type of person that super-industrialisation is producing in the United States. An honest appraisal would show that the dominant type in the Soviet Union is similar to the one described by David Reisman in *The Lonely Crowd.* Faces in that crowd are to be seen in India, too. And, above all, there is the cultural leaven, evolved by hero-saints from Raja Rammohan Roy to Vinoba Bhave, that is striving to give man maturity and moral autonomy. The gamut is complete. The transformations of man described in vivid words by Lewis

Mumford in his most recent publication exist contemporaneously in this ancient land. Where will this cavalcade of centuries march to ?

For the tribal people we have yet to discover adequate means of self-expression and realisation. The distinctive virtues of the tribal people are getting destroyed. Their social fabric is losing its characteristic tensility and colours. Tribal solidarity offered in some parts the social cohesion that would facilitate transition at one jump to community life. My efforts to interest some Israeli experts to set up Kibbutz-type of agricultural colonies in tribal areas have evoked no responsive echo in the country.

Economically archaic society, we have been told, remains contentedly at the level of subsistence, rarely willing to make the concentrated collective effort needed to produce a higher output. All the more, then, it welcomes the seasons of plenitude that soften its habitual penury : lucky catches, wind falls the occasional golden harvests. What extra wealth he possesses the archaic man reserves for the great punctuation marks of life : birth, marriage and death.

The archaic life, however, is fast becoming an empty shell, its vital substance has got eroded. The archaic environment was limited, it was cut to man's size and within his grasp. Its very restrictions increased his own sense of adequacy. Within the social and cultural enclosures, I-and-thou relationships evolved, man was not merely born in a community but cacoon-wise he built the community around him. Life was stable and had many conserving qualities. Time had been beaten to harmonise with the rhythm of slow change.

These distinctive qualities of archaic life no longer survive. The enclosures have broken down, intimacies destroyed, but without offering an open society. If archaic society is not to end up in social *debris*, a big creative effort is needed. No foreign form, Mumford warns us, is used by archaic culture until it has, as it were, rotted and become part of the organic cultural compost. Chemical fertilisers, we know, help to break farmers' resistance to new techniques. Is there an equivalent of chemical fertilisers in matters cultural ? Can co-operatives provide the institutional aid, a sort of inorganic cultural compost, needed for development ? Panchayat-co-operatives that would partake of some of the characteristics of Israeli Kibbutzim and Fourier's phalansteres in

their less fantastic form perhaps provide the dim outlines of the sough-for answer. It is for this reason that *gramdan*, more than community development blocks, seem to hold out greater interest and promise of fulfilment.

The moral element inextricably interwoven with national awakening since the days of Raja Rammohan Roy can play a vitalising role. The recasting of personality that ethical upsurge brings about has greater potency than institutional adjustments alone. Jayaprakash's shift from materialisation to etherialisation, from social transformation to self-transformation, holds out a significant key to democratic development.

One of Milovan Djilas's points of disenchantment with the Communist system was the Soviet failure in agriculture. In his book *The New Class*, he observes : "Reliable statistics are not available, but all evidence confirms that yields per acre in the U.S.S.R. have not been increased over the yields in Czarist Russsia, and that the number of live-stock still does not approach the pre-revolutionary figure." Extensive agriculture, with large doses of capital may prove productive, but measured in terms of yields agricultural improvement remains generally elusive under capitalism as well as communism. Is there any agrarian socialism that achieves an amalgam of increased output with social and cultural rootedness, where material inadequacies are felt to be compensated by intimacies of life with nature and community ? Here again thought has made no bold voyages, no exciting forays of discovery.

Two facts about modern industrial life stand out : the first is urban background, without which the industrial man as it were falters in his roles and misses his cues; secondly, as society as a whole gains in power and wealth, through organisation, discipline, co-ordination, division of labour, each individual person becomes enfeebled, he is reduced to a fractional part. Inevitably, corporate projection is sought to provide compensation for enfeebling the individual personality. The growth of irrationality and the vogue of *Fuehrers* (or Quaide-Azams) grow, with consequences that are branded on the conscience of our generation.

Our urban population is increasing at almost two and a half times the increase in population as a whole. Not only it is difficult to provide material and civic amenities at that rate, but little is being done to foster shared values and common folkways. From

1870 when electricity emerged as a new source of power as against steam, visions of decentralised industrialisation have been evoked. Atomic power is expected to give a greater push in that direction. In reality, however, urban agglomeration has not diminished, and neotechnique has not reached that stage of development where it articulates a new social, shall we say ecological, order.

Here, too, development proceeds on the traditional lines. The possibilities have not been brought together and knotted into a new and enduring pattern. If our industrialisation proceeds on the traditional lines, the various socio-psychological problems ably outlined by David Reisman and a host of other sociologists must recur and plague the future.

Decentralised industrialisation, co-operative township, workers' participation in management, training within industry, trade unions' leadership in industrialisation as with the Histadruth remain alluring objectives with little of concrete earnestness to show. In India our pioneering zeal in these directions ends with the written word.

Because of the peculiar conditions in India, agricultural re-organisation will keep pace with industrial changes : traditional industrialisation will find itself harnessed to traditional agriculture and that yoke will prove increasingly irksome. The co-existence of centuries in the framework of planning and development will become increasingly incongruous and, therefore, strain-provoking. The problem is partly of training the flow of technique, partly of devising new institutions, but mainly of fostering in the country an inclusive understanding, a maturity of outlook.

If planning confines itself to tools and techniques and leaves intellectual and cultural issue unattended, not freer but harsher social life is likely to emerge in India.

It is impossible for any single person to blueprint the solution. One can raise doubts and questions, not resolve them. It is only when discussion of development moves beyond statistics and charts, beyond input-output considerations, to the cultural and intellectual issues involved will we be able to bring into focus the deeper issues involved.

The estrangement of the intellectuals, their guilt consciousness and their urge to re-establish union with the people through irrational drives are some of the facts of our cultural life that have

been widely noted. So long as the co-existence of centuries continues, these dangers and distortions will not only remain but tend to become destructive. The intelligentsia can master these difficulties only when they work for a new cultural and intellectual understanding that is integral. Such an awareness is the keystone of the arch of development. Renaissance has always been the womb of a creative Revolution.

8

FACTORS THAT POISON FAITH IN PLANNING

ASOKA MEHTA

Some time back, the distinguished writer, E.M. Foster published a book on democracy and called it "Two cheers for democracy." These days three cheers are reserved for parochial issues. As I go round the country, from district to district, I find that the general feeling seems to be that the tasks of development deserve no cheer at all. All causes have their champions, big or small lobbies gather round rival claims, but developmental work seems to evoke little ardour and no enthusiasm.

Recently in the Bihar Legislative Assembly a newly elected member from the Opposition in the course of his maiden speech said, "I had many criticisms to offer, but I find that all that I had planned to say has been said from the other, (i.e., the Congress) benches. What surprises me, Mr. Speaker, is that these vehement critics of the Government end up by voting in the official lobby. If there is such a glaring contrast between words and deeds in this chamber, how much greater must be the contrast in the world outside." I believe the perspicacious member has hit the nail on the head. The dynamics of development evokes no interest : it seems it is no one's responsibility to spell out the hardships that are inevitable in transforming a stagnant agrarian economy into an expanding modern society.

There are two powerful refractory factors that distort all attention to development. Even if they are removed there would

still remain a stubborn difficulty. Let us consider them seriatim.

In the villages today, there are grave breaches of law and order. Man's primary need is for security and where it is undermined it is futile to hope to harness his interest in any large cause. A Congress member of the Bihar Legislative Assembly warned his Chief Minister on the floor of the Assembly in the following words; "You may praise the police but today life and property in rural areas are not safe." Unless this elementary security is assured, whether by strengthening the police or organising village security squads or through some other means it is impossible to enlist popular interest in the tasks of development.

CORRUPTION

Even more frustrating is the stink of corruption from which it seems no nook and corner is free. It is possible that the stories one hears at the grass roots among the people tend to get exaggerated but the fact cannot be gainsaid that everything is corroded by corruption. Sometime back Acharya Kripalani coaxed a public meeting to tell him how many had received bribes. A large number of hands were raised. When he asked the audience again how many had indulged in bribe-giving a whole forest of hands shot up. It was an unforgettable experience.

It is difficult to say how much of development expenditure and effort are lost through corruption. If popular feeling is any measure, the results should be negative ! I wish some competent evaluation authority would conscientiously assess the incidence of corruption in a district or even a tehsil. How much is just smoke and how much is the blazing fire ?

Karl Marx in his *Manifesto* wrote indignantly and eloquently about the debasing and dehalving effects of capitalism on family, religion, professions. All that was sacred is profaned. Something like that, this stink of corruption is doing today. There is no faith in the panchayat, no hope in co-operatives, no respect for planning, no expectation from a political party. Rarely, very rarely, is the integrity of an individual acknowledged. I shudder to think of the future. In rural areas the very springs of faith are getting poisoned. What is the use of raising the edifice in the capital, if in the countryside the acid of disbelief are eating into the very foundation ?

These are the two refractory factors. But I set out to write about the stubborn handicap. There is very little development consciousness—awareness about the process and phases through which development proceeds. Few people seem to understand the implications of those old but ineradicable terms "waiting", "abstinence." Poverty of the people pushes to the fore hungers and wants. The general response from all sides is to plead for meeting these hungers. Hence the revealing observations of the freshman member of the Opposition in the Bihar Legislative Assembly quoted earlier. Everyone bemoans the burdens on the people, none tarries to examine the exigencies of development. Economic development is not a luxury; it is the only way in which we can meet the challenge of rising population and unfolding wants. There is yet no awareness of the life and death urgency of development, of the *inescapable personal involvement* of every Indian with the Plan.

Dr. Edward S. Mason, in his recent study, *Promoting Economic Development*, has something particularly apt to say. "Most underdeveloped countries want the blessings of the welfare state today, complete with old age pensions, unemployment insurance, family allowances, health insurance, forty hour week, and all the trimmings. Concerning the status of economic development most of the countries of southern Asia are, in many respects comparable to the early stages of Capitalism. But with respect to popular attitudes concerning the obligations of the state to the citizen and the limitations and responsibilities of private enterprise, those countries are in an advanced stage of welfare capitalism." (p. 45).

I would add that the same is the case with public enterprises too. If the gap between "the status of economic development" and "popular attitudes" remains as wide as it is today, or what, is even worse, if public attention, in the press, legislatures and other forums of opinion, remains rivetted on and wholly responsive to "popular attitudes" and unconcerned about "the status of economic development," our democracy faces its doom, and our people a disaster.

NO MYSTERY

A welfare economy is the final product of a modern state.

The process of modernizing our social life, of developing our economic activities is not a painless one. By all means let us ponder over the distribution of burdens—that is what will make our development planned and democratic—but let us not plug at burdens and hanker after benefits all the time.

Economic growth is no longer a mystery. It is a near science, an intellectual discipline that is not beyond our understanding, it is here that one finds that against the legions urging welfare projects, not even stray stragglers are to be found for development. Unless its partisans arise, and they will come only if there is willingness to face unpopularity and patience and good humour in face of wilful misunderstanding, our great attempt at democratic development—the very first in history—will be shipwrecked. People have become highly restive about corruption; from its sieve all grain can disappear and only the chaff survive, so is to necessary it bring home to our people the fact that preoccupation with distribution alone can fatally harm the very source of production. The steeds of development have to be hitched to the chariot of welfare, not the other way about.

No one in his senses expects three-cheers for development and the hardships it involves. But if democracy is to receive two cheers, let the third fugitive cheer be given to the most urgent task of our times—economic development.

9

FOREIGN EXCHANGE AND THE PLAN

ASOKA MEHTA

What, in essence; is a plan ? How is it constructed ? How is it implemented ? asks Nicolas Spulber in his brilliant study, "The Economics of Communist Eastern Europe", and himself provides the answer :

> "A plan represents a comprehensive set of accounts linking a series of output, investment and consumption targets with the projected factor commodity and money flows required to assure their attainment. Contrary to Western practice, in the Soviet Union and Eastern Europe these accounts, called balanced estimates, do not constitute just a series of fosecasts or provisional models based on varying hypotheses and assumptions, but a definite set of tasks which must be accomplished and which are binding as a law for society as a whole." (p. 282).

Under democratic conditions that we cherish, it is obvious that the Plan cannot be treated as "a law for society as a whole." But the Plan must impose some discipline, especially because our Second Plan spells out the minimum effort needed to pull our economy out of traditional stagnation. It can never be stated too often that if an underdeveloped country is to develop successfully, it is necessary for it to make a large initial effort to increase output and to do so very early in the development attempt. If the initial or early attempt does no reach a critical minimum, it is

in the first three months of 1958 were £32.3 million compared with £55.4 million in the same period in 1957—that is, a drop of £23 million. I grant that it is not easy to step up exports. But the urgency has not been realized, at least not communicated to the nation. How else to explain the dock strike that paralysed our international trade ? I know the young leaders of the port and dock workers. They are fervent nationalists. They have not had explained to them the seriousness of our economic plight; nor were the problems of the dockers treated with the promptitude and sympathy that a critical situation demanded. The loss of exports for some weeks the Government seemed to view with strange non-chalance.

It is easy to slash imports. But it is slowly being realized how deeply imports are interwoven in the fabric of our economy. The Ministry of Commerce and Industry has demanded foreign exchange worth Rs. 186 crores for the half-year ending September 30 to sustain industrial production at home at the 1957 level. Failure to provide the needed exchange will result in a drop in production, closure of factories or shifts, un-employment and a general slowing down of the tempo of development.

Some idea of the loss involved in such a "recession" comes from the U.S.A. According to the study of the National Planning Association, if U.S. production remains at the level of the first quarter of 1958, the loss for the year will be $40 billion, or nearly twice that of India's national income !

It is saddening to find that the repeated and increasingly serious jolts that the Plan has received have not touched off a major debate either in the Government or in the country. Fundamental rethinking cannot be put off except at our peril.

PAINFUL DILEMMAS

Slow erosion of the Plan will be fatal to our future. Under no circumstances should we fall short of a critical minimum effort. If that means more and sustained foreign aid, a climate favourable to such assistance should be created. If it means balancing the needs of defence with development, that must be done, and courageous diplomacy make good the lack and lag in our defences. In the ultimate analysis, a nation's defences are determined by the development potential fostered by the united efforts of the people.

If that means an export drive and added hardships they will have to be faced. The Government favours an optimistic, a hand-to-mouth, approach because it does not want to wrestle with these painful dilemmas.

There is however a deeper choice that we shall have to make ere long. Our policies have been considerably influenced by radical thinking in the West—the Welfare State, and predilection for social democracy. In the U.K., as elsewhere in the West though less decisively, the economy has been given a fresh orientation; consumption-orientation. Traditional capitalist as well as Communist policies spelled a production-oriented economy. What powers our drive for development is popular desire for higher consumption. Incomes will induce investments, not *vice versa*; the reciprocal relationship is reversed though we face the same tasks of economic growth that the developed countries overcame through a production-oriented economy.

Have we made a premature choice, should some of our policies be revised, should, for instance, entrepreneurs and incentives receive greater consideration than we have given them? In policy amalgams supply and demand, production and consumption count alike. It is a question of emphasis, ethos, orientation, and that shift if made produces its chain of consequences. Do we have to review the mainsprings of our development : more planning with controls and if need be some rationing or we move towards what the Germans call the *Soziale Marktwirtschaft* or we remain reconciled to steady erosion of the Plan ?

LEAD WANTED

As Socialism needs to be carefully tailored to suit the requirements of different countries, so must democracy. Some months back, delivering the Mavlankar Memorial Lecture, I pleaded for political consensus as a necessary pre-condition of economic development. I pointed out that voluntary or freely achieved consensus is basically different from totalitarianism.

I am glad to find that Mrs. Barbara Wootton has reached a similar conclusion after her study of Ghana. In *The Twentieth Century* (May 1958) she writes : "We ought, I think, to go further and, even at the risk of accusations of sacrilege or worse,

to ask whether we may not have become blinded by our admiration of the current model of British Parliamentary Government, with its emphasis upon a strong parliamentary opposition engaged in continuous criticism as an essential ingredient of democratic health. What democracy demands is opportunity for criticism and for criticism without fear of consequences, just as it demands also that no Government should enjoy an indefinite or unchallengeable tenure of office—that if the people want a change, they must be able to get it."

The Plan's implementation demands national effort which can emerge only through a consensus of opinion freely achieved. Such a consensus implies constant vigilance, not opposition to or erosion of the fundamentals of the Plan.

It is our misfortune that neither in the Cabinet nor in the Parliament does such a consensus exist, or is its need felt. Who then can evoke it in the country? The simultaneous emergence of a severe foreign exchange crisis and a nation-wide dock strike is a typical instance of our fatal fascination for muddling through!

10

POPULATION AND PLAN

ASOKA MEHTA

Now we are all familiar with our foreign exchange difficulties. But it is not yet adequately realized that the problem of internal resources threatens to be equally stubborn.

Non-developmental expenditure, as also expenditure outside the Plan, continues to grow and none can say whether even the Rs. 4,200 crore. Plan will not be whittled down. Rising prices reduce the physical content of the Plan. Against these erosive forces a big battle will have to be fought.

There has been a flagging in the rate of growth : in industrial production, for instance, the rise has slowed down to 3.8 per cent compared with a rate of growth of 7 per cent to 8 per cent in the previous years. We are losing the acceleration which we had picked up. Some people will seek vindication of their views in this slowing down of our economic progress. They had warned against the pace of effort envisaged in the Second Plan. Slowing down may, therefore, be acclaimed as a return to normalcy, to health—as enforced reduction of unwise stresses and strains sought to be imposed on the people.

These partisans of an economic trot, who oppose stresses and strains as an unwise economic gallop, forget that India has to work under double pressure. The urgency for development is quickened not only by the long period of neglect and arrest but mainly by pressure of population and the threatening upsurge in urbanization. The double pressure of increasing population and

urbanization leaves only a limited option to our planners.

VITAL REVOLUTION

The vital revolution has come to India. The death rate is on the decline while there is no flagging in the birth rate. That steadily pushes up the survival rate. Between 1891 and 1921 the total population growth in India was little more than 5 per cent. Between 1921 and 1951 population grew by 44 per cent. Rapid economic growth is necessary to meet the requirements of a rising population and to arrest effectively the fertility rate.

Recently two scholars of the Princeton University have worked out some of the problems of "Population Growth and Economic Development in India, 1956-1986." Whether the fertility rate is high, medium or low makes a considerable difference. According to the projections offered by Ansley Coals and Edgar Hoover, in 1986, population under different rates could be 775, 634, 589 million—or a difference of almost 20 crores !

Either food, clothing, employment and other essentials are found for the additional 200 million or the prevailing low standards will be further lowered and positive checks, or an increased mortality rate, might again begin to operate. At the poverty liue, family planning has generally not worked. There Nature, red in tooth and claw, works through famine and epidemic. Only a high rate of economic growth keeps the rate of mortality and the rate of fertility simultaneously down.

EFFECT OF GROWTH

The difference that population increasing at a faster rate makes to economic development has been worked out by Coale and Hoover and their calculations read as follows :

"These projections show total national income rising under the low fertility assumption by little more than 200 per cent in a 30-year period, which implies an average annual increase of 3.8 per cent. The growth itself shows an acceleration, rising from 3 per cent per annum at the beginning to more than 4½ per cent at the end. By contrast, under high fertility the national income increases by 126 per cent in the 30 years, or at the rate of 2.8 per cent per annum; and the rate by the end of the period has fallen to

only about 1.7 per cent.

"In terms of per consumer income the contrast is much more striking. Under low fertility, per-consumer income increases by 92 per cent during the period, and in the last five years is rising at the rate of nearly 3½ per cent per year. Under high fertility, the initial improvement of per-consumer income tapers off by 1979 and is followed by an accelerating trend of actual retrogression. At no time is the consumer as much as 20 per cent off than in 1956."

In 1986, with high fertility, national income would be 226 per cent of 1956 production (=100) and per-consumer income 124 as against 100 in 1956. With low fertility, national income would be 307, and per-consumer income 192. In the latter case, national income is trebled and the living standard doubled; in the former, national income is doubled and the living standard remains almost as low as today.

It is clear that unless development gathers speed early enough, growing population can retard further development. Again, if after 30 years of effort, per-consumer income remains virtually unchanged, can political or social stability be maintained? Stagnation and stability do not go together. Only a rapid tempo of development can maintain an accelerating momentum, check fertility, raise levels of living and assure political and social stability.

Erosion of Plan is therefore erosion of our hopes.

GRIMMER PRESSURE

Urbanization exerts grimmer pressure. The urban population in India is increasing at 24 per cent for every 1 per cent increase in population. During the ten years, 1941 to 1951, the population of cities (i.e., towns with a population exceeding 100,000) rose by 36.2 per cent as against the general population increase of 11.3 per cent. In 1951, urban population accounted for about 62 million or 17 per cent of the total population of India : of this, 88 per cent lived in cities with population of 100,000 or more, 30 per cent in towns with a population of 50,000 to 100,000 and about 32 per cent in towns with population below 50,000. By 1986, as high as 37 per cent of the population, or 193 million, can be in towns and cities.

Although the proportion of urban population for Asia, as a whole, is only 13 per cent, more than 8 per cent is metropolitan urban. The non-agricultural labour force is roughly 30 per cent. At a similar degree of urbanization in Western countries, the U.S.A. (1850's), France (1860's), Germany (1880's) and Canada (1890's) had roughly 55 per cent of their labour force engaged in non-agricultural occupations. Of the world's 897 cities (population over 100,000), 463 are located in underdeveloped and 434 in industrialized countries. The total population of the first group of cities is roughly 160 million, that of the second group approximately 155 million. Of the former, over 70 to 80 million are to be found in 35 to 40 metropolitan areas of over a million population. Asia for its economic development is over-urbanized.

"Because of overcrowding and inability to provide essential facilities and services," observed the Director-General of the U.N.E.S.C.O., "many cities of Asia are at the point of developing serious dis-economies in production, as well as overstraining their function of relieving rural unemployment and setting the pace of national development."

CAUSE OF INFLUX

U.N.E.S.C.O. studies of urban immigrants in several Asian cities "do not suggest . . . . that the attraction of 'city lights' is very strong . . . . Economic hardship in varying degrees was the real reason for practically all migration." Men are pushed from villages, not pulled by towns or cities. As Dr. K.N. Raj has recently shown : "It is of the essence of the process of economic change and growth that the supply of labour offering itself for employment at a wage in the open market will progressively increase, even without growth of population." We shall have growth of population and the conversion of disguised into open unemployment—both exerting pressure on urban areas. In Indonesia, a recent study showing that "not only the largest cities are growing faster than the smaller ones, but also that cityward movement was considerably more important for non-economic reasons than economic ones." Any reduction in the tempo of development will increse this drift of jetsom and flotsam to the towns.

Unless urban development can keep pace in respect of employment opportunities, education, housing, health facilities and

water supply, an increasing proportion of population of each town tends to fall into deeper poverty. In Poona, for instance, while its population nearly doubled between 1937 and 1954, numbers below the "destitution line" increased from 15 per cent in 1937 to 25 per cent of the families studied in 1954 or, an over three-fold increase in absolute figures.

IRREVERSIBLE DRIFT

The drift to towns and cities is irreversible. Either it is accompanied by a rapid rate of economic growth that may help to check fertility, expand employment and other economic opportunities, augment food supplies (and the marketed surplus) fast enough to feed the increasing urban population or we stumble deeper into the morass of want and stagnation. As it is, the housing shortage, in urban centres, will be double in 1961 compared to 1951.

The double pressure is relentless and irreversible. Economic growth can ease it a little, economic stagnation would undoubtedly aggravate it. A commission, composed of imaginative persons, not only can clarify the operation of this double pressure but can communicate to our countrymen the implications of the double pressure, by making people conscious of the deleterious effects of high fertility on economic growth, of the need for a national urban development plan, for a regional budget procedure, for facing increased hardships here and now to avoid future insurmountable troubles. Such a commission of inquiry can elicit, educate and firm up the will for rapid economic development and social change when the opposite mood is threatening to overtake the country.

11

THE SECOND PLAN : APPRAISAL AND PROSPECTS

ASOKA MEHTA

The Planning Commission's "Appraisal and Prospects of the Second Five Year Plan" is an outstandingly lucid document. It marks a milestone in economic analysis, it is now for us to make it equally significant in economic and political understanding. I would like to put together some of the thoughts the document evokes in me.

Looked at from the standard of resources we are able to mobilize, the Plan is undoubtedly causing severe strains. But viewed from the standpoint of the critical needs of development, i.e., a level of effort below which we would slip back into stagnation, we are falling short. Should the strains shape our will or the needs firm our purpose ?

The Centre has put in a considerable tax effort in the first two years of the Plan. As the Appraisal puts it, "The aggregate yield from the measures of additional taxation adopted so far by the Centre is estimated at Rs. 725 crores over the five year period. This is an improvement of Rs. 500 crores over the tax target suggested originally in the Plan . . . . Taking the Centre and the States together, the five-year yield of additional tax measures adopted in these three years thus works out at Rs. 900 crores, which, in itself, meets fully the target of Rs. 450 crores in the Plan *plus* the uncovered gap of Rs. 400 crores."

NO RELAXATION

For this sound performance credit goes to Mr. T.T. Krishnamachari, whose courageous stewardship of our finances brought about this achievement. It is with such tautness of the string that arrows get shot into the projected targets. It is such tautness that the nation must not permit to relax.

All this tax effort, however, has not provided resources for the Plan; a large part of the gains have been absorbed by other demands : defence, non-development expenditures, and development expenditure outside the Plan. Defence apart, other aberrations are largely due to the poor consciousness about the Plan in the rulers as well as the people.

The outlook on resources can be summarized as follows :

(*Rs. Crores*)

	Likely actuals for first three years of the Plan	*Estimates for the last two years*	*Total 1956-61*
I Domestic budgetary resources	1101	921	2022
II External	438	600	1038
III Deficit financing	917	283	1200
IV Total resources-outlay	2456	1804	4260

Even with the tremendous tax effort in the first three years, less than 50 per cent of the resources and outlay has come from domestic budgetary resources. Fifty-five per cent has come from external assistance and deficit financing. In the estimates for the next two years only external assistance will show a marked increase, other sources show a decline. Deficit financing of a large order was rendered possible by running down our sterling balances. That cushion has worm thin. An adverse balance of payment now creates an acute problem, not a situation of ease.

OPPOSITION TO TAXES

In the face of such a picture, I wonder what politicians have to say in favour of their opposition to the taxes levied in the recent

past. If the popular clamour had been heeded, our resource position today would have been beyond repair. To accept a large Plan with acclaim, as even the Communists are now wont to do, and then to denounce the necessary tax effort may be profitable politics, but not devotion to democracy.

In one State after another symptoms are emerging of a movement towards the French pattern of party system—a number of parties neither clearly defined, not differentiated, frequently getting together and breaking apart to form Governments and pursue make-shift policies. Where politics betrays such brittleness, should not the discipline of the Plan, the imperatives of Plan, be accepted as something that shall not be trifled with ? Otherwise, democracy will become a synonym for economic stagnation.

Of course, there are many who ask what need there is of such a big Plan. Why this steelmania ? With a grandiloquent gesture, we are told that the Plan is for the people and not *vice versa*. Now what do these vaporous expressions mean ? Even with the Plan, as originally conceived, in 1961, in various directions, such as housing, employment, railway transport, our position would be worse than in 1958. Cut down the Plan, to ease the immediate situation and you merely aggravate the future difficulties. Must we always think of the next election, never of the next generation ?

FOREIGN AID

Equally necessary is to clear our minds about foreign aid. The Plan requirements of external resources are now estimated at Rs. 1,700 crores as against the original estimate of Rs. 1,100 crores. The foreign component is thus closer to 40 per cent than to 20 per cent of the Plan requirements. The Third Plan will also have to be industry-oriented. Steel production will have to be expanded further and the web of fabricating factories organized.

For the Third Plan, whatever its size (and if the momentum of development is to be kept up it will have to be at least a Rs. 7,000-crore Plan) a similar large percentage of resources will have to be obtained from abroad. Notwithstanding any improvement in our exports, our need for external assistance will remain as crucial and urgent in 1962-67 as it is today. If this awareness comes, our international relations will assume the necessary posture of realism consistent with national safety and dignity.

The crisis of resources, both external and internal, promises to be with us for a long time. It is the guest who will not leave after dinner !

The "Appraisal of the Plan" makes it clear that the prospects are better where effort lies with the Centre, in the industrial sector, while they cause concern in the States' spehre, in agriculture-*cum*-rural sector.

In the section on Achievements and Targets the following estimates of increased production potential for foodgrains are given :

(*Lakh Tons*)

	Programme	*Plan Target*	*Achievement, 1956-57*	*Anticipated achievement, 1957-58*
1.	Major irrigation	30.2	1.7	2.6
2.	Minor irrigation	18.9	3.0	4.0
3.	Fertilisers and manures	37.7	3.6	7.7
4.	Improved seeds	34.0	1.7	2.0
5.	Land development	9.4	0.9	1.7
6.	Improved agricultural practices	24.7	2.2	5.0
	Total	15.49	13.1	23.1

Of the twelve achievements (anticipated and otherwise) listed above, only three show *prorata* fulfilment, the rest emphasize shortfalls. A similar picture emerges when we assess the work of community development or village industries.

OBVIOUS DIFFICULTIES

The difficulties are obvious. They can be explained as arising out of a basic organizational inadequacy, a common enough *desideratum* in an under-developed country. It is here that a national effort proves of decisive importance. A national effort silences doubts and makes the common purposes widely known and accepted, and thereby brings to a common focus the energies of millions of people, whether in repairing a tank, digging a

channel or running a panchayat. Without national effort, this tremendous resource remains untapped and the lack and the lag have a cumulative effect on the Plan. The present pruning has become necessary because we have not been able to evoke for the Plan even that modicum of faith that foreigners who have come forward to assist us have shown in it.

India must plan her economy. Meaningful planning demands an accent on industrialization. The limits are set by progress in agriculture, which in its turn is determined by the kind of effort that is evoked. That is how one discovers over and over again that without national effort, the Plan must face frequent pruning, and perhaps face rigid limits in expansion in the future. How long will politics continue to ignore the imperatives of economics ?

The economists and experts have given us their appraisal. Perhaps as things stand we shall fulfil only four-fifths of the Plan. But that is not necessary, much less inexorable. What the experts cannot tell, but would love to communicate to us, is that the appraisal ceases to be valid if the context gets changed. Political deterioration would further diminish the quantum of available resources, or divert more of them to sterile uses, while the organization of national effort could significantly augment, nay alter, the very size of the resources budget.

While we pay earnest attention to the elaborate analysis and appraisal offered, I believe that, in determining the prospects, Parliament and the people must give greater thought to the context. It is there that a reservoir of resilience lies waiting to be tapped.

NEW BUILDING

In building and construction, in the public sector, during the Plan period over Rs. 1,000 crores are expected to be spent. It would be useful to study the flow of the stream of income thus generated. Our understanding of the resource position requires such probes into the bowels of our economy. We shall then know how the multiplier multiplies and uncover the large catchments of income streams.

The deposits of the nine principal Scheduled Banks have risen from Rs. 655 crores in 1954 to Rs. 957 crores in 1957, or an increase of 46 per cent. But the giltedged portfolio, particularly in

the case of non-Government banks, shows no comparable expansion. In a comprehensive survey of our resource position, a focus wider than the budget needs to be achieved. Will the experts of the Planning Commission attempt a wider study and give us an equally illuminating picture of the forces at work in the economy as a whole ? They will be encouraged to do it if the inarticulated political implications of their limited analysis are recognized—and the warnings heeded.

12

THE POLITICS OF POVERTY*

ASOKA MEHTA

Feroze Gandhi, in my recollections, is inextricably mingled with another comrade of ours in the freedom struggle, Yusuf Meherally. Both had in them the wonderful gift of friendship; both could charm and still the disturbed waters of one's being, and evoke the best that we may have to offer; both were snatched away by death just when they were poised for great undertakings.

I have been asked to weave a garland of words to pay our tribute to Feroze. I have chosen as my theme "Politics of Poverty" because he was steeped in politics; his metier was politics, and his politics was of the poor and for the poor. He was wedded to basic transformation, peaceful yet decisive change of our stunted economy and eroded society. He was a leading partisan of the revolution by consent that our democratic politics envisage, and in it he got his bearings from his identification with the poor, those without any privileges.

It is not often that the words of the poor, emerging out of the bowels of their poverty, are captured in their glowing authenticity. Recently, however, I came across a book, *Child of the Dark*, written by a slum-dweller in Sao Paulo. In that opulent city, the articulate outcaste cries out in her despair.

"Brazil needs to be led by a person who has known hunger.

*Feroze Memorial Lecture delivered in New Delhi on September 8, 1965.

> Hunger is also a teacher . . . . Those who govern our country are those who have money, who do not know what hunger is, or pain or poverty."

This searing prayer of Carolina Maria de Jesus has been answered in our country : we have as Prime Minister a person who has known hunger and poverty, who has had them as his teachers. We may, therefore, talk with some confidence about the politics of poverty.

In fact, concern with poverty has been at the heart of our politics ever since the days of Dadabhai Naoroji. A principal justification of our national liberation movement had been the aggravation of poverty that foreign rule brought about by the drain of our resources and its inability to remove the squalor and want of centuries.

Our poverty, however, is not merely of the body. It is at once a poverty of spirit, body and mind, having its roots in our social system, our economic apparatus and our culture. Our situation borders on desperation because these three different roots of poverty have interacted and reinforced one another.

The poor have rarely found entry in the corridors of power. In the Old World, the poor, for countless centuries, were totally excluded from the processes of power. In the New World, the expanding frontier was the one escape available to the energetic among the poor. The vast mass of the people in any country before industrial transformation is brought about, are the rural poor. They naturally hunger for land and have often turned against the landlords; they have yearned for expanding credit and distrust bankers and merchants. The money changers, throughout history, have fattened on the misery of the poor. The poor have only one vested interest; it is the vested interest in change.

The Jeffersonian vision of a rural democracy, of self-sufficient agriculturists, owning their homesteads, has often inspired national leaders. But such a society implies a vast expanse of arable land capable of taking care of not just the existing population, but also of its future growth. Where land is limited, diminutive farms, even if they could be carved out, would not open up any dimension of change. Growth potential has to be coaxed out of the economy, if social transformation is to be ensured.

The thrusts of technological change cannot be held back;

even in Jefferson's America, arcadian life faded before it bloomed. Where the pressure of population on land was heavy and kept growing, and technological possibilities leading to economic diversification had not yet opened, ideal communities were thought of in terms of the immense out-pouring of moral energy of men. Today, it seems possible to work out social and economic transformation without demanding abiding presence of moral incandescence in every person.

Karl Marx saw the emancipation of man at the end of the road travelled by industrial growth and economic change. Where these changes had already occurred, he demanded socio-political changes, and where they were yet to occur, he sought political upheavals that would sponsor the missing economic growth. In the former case, it could be a dictatorship of the proletariat involving the dominance of the many over the few; in the latter case, it has invariably proved to be the tutelage of the many by the few.

REWEAVING THE FABRIC OF EXISTENCE

When the poor are given democratic powers, will they end up with the accent on distributive justice and acquiescence in economic stagnation ? Or will they trigger growth with the other changes that they seek ? Aneurin Bevan was sceptical of industrial efflorescence emerging through government by consent. His words were :

> "It is highly doubtful whether the achievements of the Industrial Revolution would have been permitted if the franchise had been universal. It is very doubtful because a great deal of capital aggregations that we are now enjoying are the result of the wages that our fathers went without."

If politics of poverty has any potency it would seek to narrow the gulf between the rich and the poor—always wider in undeveloped countries than in the developed countries. Will it also strive for the accumulation of capital (always painful) to initiate and push through structural changes in the processes of production themselves ? Are the poor solely concerned with the *relations* of production, or, also, and even more, with the

forces of production, whose suppression in the world of today is a greater crime against the poor than the embedded inequalities ?

Very few nations are willing to face these elemental challenges. Ours is among the select and the most exposed. Through our action and our understanding we are weaving new patterns in the tapestry of history.

There is no escaping for any country from the stress and thrust of transformation. That requires conscious and determined leadership, whether the process is democratic or otherwise. The main task is to correct the *imbalances*—for example, between population and resources, between educated men and the jobs available to them—and that requires the assertion of *will* and *capacity* in the society. It further demands activisation and energisation of the people. Where the process is democratic—if it is not another name for apathy—the leadership will have to evince deeper dedication and the people greater understanding, in brief, profounder commitment.

With other developing nations, we have reached the stage where, in the words of Robert Heilbroner, *The Great Ascent* has to be mounted. It, in fact, involves in a decade or two.

> "nothing short of a pervasive social transformation, a metamorphosis of habits, a wrenching re-orientation of values concerning time, status, money, work; an unweaving and reweaving of the fabric of daily existence itself."

Nation after nation has faced the task of transformation with varying degrees of awareness and purpose. As years have gone, what could have been attempted through *incremental* changes, that is accelerated changes, but along the same lines, have given place to *structural* of fundamental, changes—where the known dimensions themselves have to be altered. We have now reached a further stage, where *constant changes* have to be accepted and absorbed. The whole concept of stability is thus revolutionised. *That society alone is stable that develops capacity to live with change.* In a recent study of Russian Radicalism and Revolution, *Sons Against Fathers*, E. Lampart sketches a certain profile of mind and spirit that is wholly relevant :

"The situation of the new radical rendered him more rootless,

> more mobile than his predecessors of the forties. Alike by conviction and origin he had no feeling for his society and was not a part of it, although the paradox of his situation is that he was concerned with the social problem to the exclusion of everything else. He inherited nothing, not even his personality, which he had, as it went to create anew. He detested conventions and hierarchies, the careers and opportunities, and all the stuffy pomposity of life. Everything in his condition led him to sunder the secure, comforting bonds of custom and familiarity. His tendency to prickliness when confronted with examples of entrenched superiority, or contempt for what he considered to be more airs and graces rarely sprang from private resentment. He had no wish to find a niche for himself in the prevailing class structure . . . To be more accurate, he was bent on creating a new society not on gate-crashing ideologically or convivially, the old one, which he believed to be doomed."

This radical approach is essential to revolution. We need to recapture, rediscover, in the circumstances of social transformation, the mood that inspired us during the heroic days of the national movement.

BREAD AND OTHER THINGS TOO

It might be argued that politics of the poor is simple—theirs is the quest for bread. In our conditions, the ineluctable fact is that either we do not get bread at all, or we get bread and other things too. Bread, to use a convenient symbol, is plentiful only when agriculture is bountiful. Within the traditional confines of agricultural production, the possibilities of growth are limited, and a considerable part of them we have already exhausted. These possibilities leap forth only when the traditional bounds are overcome, that is when new tools and techniques, new skills and scientific understanding, are brought to agriculture. It means constantly altering and improving the human element in agriculture, as also improving and altering the material bases provided by land, water and other inputs in agriculture. A fabulous rise in agricultural output has been achieved in the United States : the production per man hour of labour doubled between 1940 and

1950 and it almost doubled again in the next twelve years. This spiral growth has been due to chemicalisation and industrialisation (including electrification) of agriculture.

Every Indian cannot be assured the simple bread and rough cloth that he seeks to appease his hunger and cover his nakedness with, unless we strive to bring to him a modicum of education, a deepening of industrialisation and a host of associated changes in transport, credit, marketing and other institutions. If it is foolish to juxtapose bread against freedom, it is equally futile to counterpose a basket of bread against a basket of wider achievement.

TWIN REQUIREMENTS

Even where politics of the poor focuses on food alone, it will be still necessary to produce enough food grains—there is a great deal of unsatisfied hunger in our land—and to provide employment and earnings to the hungry to enable them to secure their share of food. These twin requirements demand a great amount of developmental efforts and transfer of resources from the better off to the under-privileged and needy, that is, complicated social engineering.

Even granting that there are many routes to economic welfare, certain critical tasks remain constant. These challenges—or dilemmas, if you prefer that word—can be reduced to four inter-related problems : First, the people must somehow accumulate capital, saved from the rigours of subsistence economy; a surplus that needs to be invested to energise productive activities. Secondly, agriculture has to be revolutionised. Without that neither man nor materials needed for further growth can come nor can the basic needs of the many millions be met. Thirdly, the nation has to encourage alterations in men and institutions; in cultural mores and the folkways. Fourthly, these changes have to be channelled into the process of industrialisation because that way alone new tools and techniques emerge to augment and diversify production, that is, improve productivity and thus, lift levels of living.

There is an inescapable relationship between improvement in life and augmentation in investment in the economy. Professor Colin Clark has offered a workable rule of thumb ;

"It is only insofar as the rate of investment exceeds the rate of population increase multiplied by four that anything will be left for industrialisation or for raising standards of real income."

In India, today, our population increases at almost 2.5 per cent per year. The rate of saving in our economy, today, is 10.5 per cent. This means that we are still hovering at the edge of stagnation. We have to lower our birth rate—shall we attempt to halve it in a little over a decade ? On the other side, we have to step up our savings and investment to 20 per cent in a decade or so. Such a two-pronged attack would open up possibilities wherein the people would experience the glow of change, and improvement in their living conditions. Politics of poverty that overlooks these basic efforts are, in reality, ineffective, shadow politics.

Food for all involves, if not for production, certainly for the possibilities of consumption, universal employment. These simple objectives demand far-reaching developmental efforts and social changes. A recent survey has confirmed that the pattern of distribution of income in the rural households is such that the bottom 30 per cent of them have an income (10.58 per cent) which is almost that of the top *one* per cent (8.87 per cent). Half the rural households have an income (22.48 per cent) that is almost the same as that accruing to the top 5 per cent (19.50 per cent). Even when agricultural production goes up, the marketable surpluses are apt to accrue to the larger holders of land. If these surpluses are to be made available to the poorer sections of the villages, they must be assured of earnings. Those earnings—arising from investments—have to be balanced by savings if inflation is to be avoided. Our rural sector is large, almost half of our national income comes from it, and experience the world over shows that economic transformation does involve imposts on the rural people, hence the outlays will have to be balanced by savings from the top layers of agricultural households. Half the agricultural income flows to 20 per cent of the rural households. Surely the rest, 80 per cent, cannot experience change unless the burdens are adjusted—whether in terms of a grain tax or other forms of imposts upon the better placed.

In the urban industrial sector inequalities are sharper. Again, the managerial elite insists upon having standards comparable to

those in the West. At the stage of development where we are today, in no country were these comforts provided. Unless we accept austere standards for the elite, our consumption claims will eat into savings, abridge and erode investments and multiply the miseries of the poor. There is nothing more unsettling for the submerged people as they seek openings of progress than the "demonstration effect" of ostentatious living. Non-basic consumption, which embraces in our country today not just the luxuries and frivolities of the rich but the comforts and convenience of the middle classes, has not just an unsettling effect on the poor, but also weakens the surge of growth and slackens the efficiency of those whom we want to draw into more productive pursuits. Politics of the poor, from any rational point of view, cannot seek a flat sharing of poverty but has to work for the priority of investment over non-basic consumption which eats into the possibilities of employment, together with the provision of basic consumption to the millions. Men who wish to avoid becoming victims of uncontrolled social change must consciously organise the changes themselves.

THE ULTIMATE SOLVENT

Economic growth is the ultimate solvent of our poverty, want, and gross misery. The growth, in our conditions, remains impeded without the widening social changes. Welfare of the people, I would like to emphasise, is the end result of growth and change and not a substitute for either of the two. Shall we deny education to our young people, shall we evade provision of productive skills to them, because we resent imposts to finance those activities ? Should provision of drinking water for the people be put off to permit us our comforts ? Can India of our dreams emerge where each one seeks an island of security in the whirling sea of deepening want ? Can the islands remain safe against the irresistible waves of change ?

We have been depending on external assistance for reaching a 13 per cent rate of investment in our economy even when our savings account for only 10.5 per cent of the national income. I believe that as the poor have a claim over the resouices of the rich, so also poor nations can seek aid from rich nations, if the concept of world community has any meaning and world peace is

to abide. There is another reason also, which we may not emphasise but that we should not ignore. The reason is crisply stated by William McCord in his book, *The Springtime of Freedom* :

> "In essence, the developing nation of today subsidised Europe as it began its economic advance (through the Colonial Drain); surely, this fact alone indicates that Western aid today should be regarded not as a sentimental gift, but a just return on investment."

As international peace cannot survive if rich nations ignore the needs of poor nations : ultimately, they would have to spend far more of their resources in money and men in combating wars and disturbances than is needed for fostering economic change; so also within our country, if the upper sections of the society resent the demands of development on their earnings, the resources they will ultimately have to find to maintain civil peace will be perhaps more. Tragically, the resources diverted to peace-keeping, international or social, add little to the progress of man. By resisting the worthwhile, often one is driven to succumb to the worthless.

It is the logic of development that those that have tend to get more. The rich nations will be able to use constantly new technology and augment their resources faster than poorer countries. In the developing countries, regions that have moved forward will progress faster than the sluggish and the stagnant. The existing industrial corporate concerns in our country, for instance, will have about Rs. 1,050 crores of depreciation funds and Rs. 900 crores of retained profits, etc., during the Fourth Plan period. They will thus expand and proliferate. It is this characteristic of growth that validates the principle of redistribution, of transfer of resources from the better place to the badly set. This is the *raison de' etre* of welfare economics everywhere. In a country like India, just the elementary needs of the people—food and work—require stringent transfers of resources. Even when one reduces the content of welfare to the bare minimum and consciously links it with growth activities, the need for transfers remains massive, because the humanity to be reclaimed from utter morass of want is staggering in its numbers.

ACCENT ON SOCIAL CHANGE

Elsewhere it was possible to choose between economic growth and social change. It was also possible to arrange them in some sequential relationship. In India, if growth is pursued by itself, it will never gather strength. Its ambit will remain narrow and precarious. For a short while *enclaves* of development and prosperity will emerge, but they, lacking spread-effect, will remain insecure. The modern sector of the economy will reach limits of expansion if the traditional sectors do not grow, that is, expand and modernise. If economic growth is to achieve sustained momentum, it will have to be stoked by social change. It is not ideology that leads us to lay accent on social change—that is, hewing down of economic inequalities and of social privileges—but the demographic and sociological facts that are stubborn and intractable.

In some countries economic growth opens up a margin of welfare and so permits muffling or delaying of social change. In India, the growth itself is a function of the change—the latter enables and triggers the former. Our conditions, compared to the general run of things the world over, are far from normal. They are in fact critical, because we have no margin of tolerance. We are, because of our abject poverty and massive numbers, the world's ultimate proletariat.

This then is my answer to a nagging question in you—whether I plead for national politics or class politics. For me the two are one. We need community consciousness and community solidarity to salvage ourselves. It is not enough to have an open society that we claim to build, it is necessary to have communitarian attitude and approach. A century of experience has made obsolete the controversy between national politics and class politics even in the wider world. Each has to inform the other. Even if we opt for class politics, a ruling stratum will emerge. That stratum will get panoplied in privileges unless it retains its sense of purpose and dedication. Only that leadership will be able to lift our grinding poverty that has luminous purpose and dedication. The objective constraints that operate on us will permit escape to none. Subjective response that has come cannot be confined to politics alone; it has to be the product of the *ethos* as a whole.

In no country did new forces stir and burgeoning follow until

there was intellectual unrest and cultural efflorescence. To challenge the old and articulate the new, is the essential intellectual prerequisite of economic and social growth. In our inherited culture there are many elements that enrich us and must abide. But to seek the fruits of science and technology one has to adjust oneself to the structure of modernity. These cultural stirrings have to reach out to the poor if they are to become active agents, and not passive objects, of history. It is necessary to impart freshness and fecundity to their cultural awareness. To paraphrase Marx, it is not necessary for the culture of the poor to suffer from poverty of culture !

PENUMBRA OF POLITICS

You are by now, I know, probably thoroughly outraged. What has this hocus-pocus of planning to do with politics, whose substance we know is drawn from caste and community, from local grievances and regional peculiarities, from personal frustrations and group antipathies ? I plead guilty to the charge—but only partially. Politics always operates in its peculiar penumbra. Intransigence and intractability of limited loyalties are among the operational media of political action. That is so not just in India but the world over. Again, it is not a bane of politics alone, it is inherent, instinct, in all group life : Lord Buddha had to expel a close disciple from his nascent Sangh, Jesus Christ was betrayed with a kiss to the Roman legions by his immediate associate. Socrates was given hemlock by his fellow citizens.

Group affiliations and aspirations will always operate politics. But they have to be suffused with understanding, endowed with purpose and direction. That is the real essence of politics. A voter votes on myriad differing considerations, but when the votes are counted a certain pattern of opinion is revealed. It is that pattern of opinion and understanding one has to influence and shape, though none can organise the wayward impulses behind every vote. India's politics is "of scarcity," as Myron Weiner has aptly described it. Politics of scarcity can easily degenerate into politics of scramble. Such politics can only damage the poor; scramble would aggravate the difficulties and it is the weak and the vulnerable who would suffer the backlash. The poor have a greater need for planning than the privileged because without

such efforts economic growth, to the extent there is, will tend to be beneficial to the latter. When scarcity rules the lives of the people, the need for a clear focus, deeper understanding and collective discipline is inescapable.

Politics of poverty implies a deeper understanding and specific orientation. It requires involvement in social change by closest association with those whom Gurudev Tagore called, "the lowliest and the lost." It is the return to the worship of God as poor as Gandhiji envisioned it. Any lesser politics is shadow boxing on the brink of a precipice. The poor, just because of their poverty, will not automatically discover the path to transformation. Pandering to their prejudices, even those emanating from injustice and raw wants, will not release the dynamism required for effective deliverance. The efforts needed is not brief and dramatic but sustained and purposive. The poor, in India, have a long row to hoe, before the dead crust of centuries is transformed into soil that laughs with golden harvest. Given the key role of leadership in economic growth process, political change itself becomes an area of conscious action. Development that would enable poverty to be overcome requires interation among political, cultural and economic factors. Even the narrow question of mobilising additional capital for economic growth is made possible only by a *determined* leadership. It is clear that what development needs is not only consensus nor pure coercion, but a *consensus-coercion-continuum* : a widespread consensus that does not hesitate to coerce the intransigent when necessary.

The poor have to continuously precipitate the crisis—of conscience and of politics. Once Gandhiji made it impossible for us to acquiesce in subjection. Likewise, the meaningful politics of today has to make it impossible to acquiesce in mass poverty and gross inequalities. As those who sought to escape from the crisis that Gandhiji precipitated lost significance in the land, so must those who escape to their islands of security forfeit the confidence of the people. It took nearly thirty years of determination and dedication to achieve political freedom; given the same determination, it should not take more than twenty years to ensure for us economic freedom.

THE LEVER OF DEVELOPMENT

Those who accept these insights and understanding as crucial and vital for the nation will turn their energies to institutional innovations and constructive politics that would give the needed direction and dimension to the poor man's unfolding understanding and efforts. Politics will then mean not playing musical chairs in stagnation, but activising the escalator of development and change. Austerity and Egality will be viewed not as irksome burdens but as expressions of community solidarity and adjuncts of development. We shall be then not lost in weaving the cocoon of frustration around us, but in discovering in shared efforts the satisfaction of creative transformation. Politics of poverty can mean merely messing about in the morass of stagnation, it can also mean occasional explosions of mass anger. But we can, if we only will, make it the decisive hammer of history that can shape for our people the destiny that we dream of. In my humble opinion, Pandit Nehru was guided by considerations of the kind outlined above. That is why he made Planning the lever of development. "Planning," as Prof. Rudolf Bicanic recently put it, "increases the importance of political action." In the evening of his life, Pandit Nehru heroically gathered his failing strength to give a mighty heave to such a policy. He was fully aware that the cost of change increases as time passes. Time can be a terribly frustrating force. Hence the urgency in his final summons to revitalise and reorient our political action. The very magnitude of the task, he was convinced, would provide incitement to determined effort. A nation cannot be built on unproductive toil, parochial loyalties, and misery that has come to be realised as remediable injustice. The leaders that have left us have given us the vision. It is for us to enshrine it in our life.

13

THE ECONOMIC CONSEQUENCES OF SARDAR PATEL

ASOKA MEHTA

In 1925, immediately after Britain's return to the gold standard, Professor J.M. Keynes, the famous economist, published a brochure called, "The Economic Consequence of Mr. Churchill." It was as a precise and incisive a piece of analysis and warning as the author's more famous book, *The Economic Consequences of the Peace*. The brochure referred to Mr. Churchill because he was then the Chancellor of Exchequer who determined the financial and economic policies of the Baldwin Government. The policy turned out to be disastrous for Britain : it gave the country unemployment, depressed areas and avoidable poverty and misery.

His blundering economic policies apart, Mr. Winston Churchill is a great man. His full stature was seen during dark days of the World War II. In the gathering gloom his was the light that never flickered. But his brilliant record as War leader did not make him a safe guide in affairs economic. It is a tribute to the rare maturity of the British people that they revoked his mandate to govern as soon as the War was over. Britain was thus saved another spell of economic depression and social dislocation.

Sardar Vallabhbhai Patel is undoubtedly a great man. He is carved out of the stuff of which History is made. His forging of the Congress into a mighty instrument of power has been equalled and surpassed by his political integration of the States into India. In gathering gloom his was the light that never

flickered. Every Indian salutes Sardar Patel as a supreme architect of our freedom, next only to Mahatma Gandhi. But Sardar's economic policies are heading the country to disaster.

The Government of India is dominated by the masterful personality of Sardar Patel, that he is the key-stone of the arch is a fact patent to all. Prime Minister Nehru has sloughed most of his earlier ideas and has added the prestige of his great name and position to the dominition of the Government by Sardar Patel's principles and policies. The economic policies pursued by the Government of India today are those of Sardar Patel. The country must therefore consider carefully the Economic Consequences of Sardar Patel.

DARK SHADOWS

Recent developments in our economic life has made such an enquiry urgently necessary and supremely meaningful. The nation is menaced by the deepening shadows of depression and all that it connotes. To remain silent, in the face of the looming danger, would be a crime.

The economic life of the country is in a state of dangerous disequilibrium : prices are high, the cost of living shows no decline, production is falling, stocks are mounting, and unemployment is growing. Our exports are dwindling and all in all we are in a parlons state. In Bombay city alone, in recent months nearly 40,000 workers have been thrown out of employment due to the stoppage of third and or second shift and thousands more are facing semi-starvation under the system of pali.

The condition of the middle-classes is even more disturbing. They have used up their scanty savings—their wives and daughters are denuded of all ornaments—their incomes are inelastic and their expenses are growing. Only recently there has, for instances, been a big rise in the tuition fees of College students. The condition of the middle-classes is pitiable. In Calcutta, the rootless and foot-less bhadra-lok are reviving the terrorist tradition—if the sounding of that tocsin does not wake us to the seriousness, we deserve the crack of doom.

Last year there was a scare about Inflation. The Capitalist solution for it was lower taxes, freezing of wages and higher incentives to the industrialists. The Government of India carried

out the suggestions : lowered income taxes, increased direct taxes on the articles that enter the consumption of the common people and generally tipped the economic balance in favour of the Capitalists. Have these concessions eased the crisis ?

The crisis, if any thing, has been deepened. Now there is the talk of depression : unemployment grows, wagecuts are advocated, devaluation of the rupee is recommended. Factory after factory is wholly or partly closing down. The strike of Capital, not withstanding the policy of appeasement, has widened into an actual strike of the industrialists, i.e., the slow-down in production and looking down of factories. The remedies followed so far have aggravated the economic disease.

In the last three years employment in organised industries has gone down by 200,000; the *Eastern Economist* expects a further drop of 100,000 in the next six months. Though the real wages continue to be lower, by 15 to 17 per cent, than the 1939 wages there is a general demand, from the Capitalists, for retrenchment and rationalisation through increase in work-load. The Federation of Indian Chambers of Commerce and Industry has come forward with the demand for a cut in the wages. An attack on wages and employment has begun.

A WAR ?

Shrewder employers are unwilling to rely on such crude asures : they recommend a general lowering of the cost-structure of our industries, an all round reduction in prices and a cut in wages made in the hope of ultimately giving the workers the same, if not a higher, real wage. However sound this argument may be in theory, in actual practice it must lead to a tragic scramble. It would be best to let Professor Keynes Speak for us, *every one* was accepting a similar reduction at the same time, the cost of living would fall so that the lower money wage would represent really the same real wage as before. *But in fact there is no machinery for effecting a simultaneous reduction.* The result must be a scramble. Those who are attacked first are faced with a depression of their standard of life, because the cost of living will not fall until all the others have been successfully attacked too, and, therefore, they are justified in defending themselves . . . and it must be a war, until those who are economically weakest are beaten to the ground

"(J.M. Keynes : *Essays in Persuasion*, pp. 247-48).

The Capitalists thus want "a war" to readjust our economic life; their traditional method of solving an economic crisis has been *the deliberate intensification of unemployment.* Through surplus labour and increased work-load, the cost of production is brought down, the Indian Capitalists are engaged in that traditional game; are they to be allowed to go on with it in the name of Capitalist enterprise being needed for our social progress ?

Unemployment and lower wages will be politically very distributing. The hard won gains of Sardar Patel, in terms of Law and Order, will be dissipated in no time, the merchants of chaos will reap high dividends.

AUSTERITY

The lowering of wages will fail to increase production, though it might improve profits, the wage-cut remedy was tried out is our country recently and the results were disastrous. The *per capita* real wages had oscillated round Rs. 280-290 from 1939 to 1942. In 1943, they were brought down to 212—a drop of 28 per cent. The result was that production which had been steadily rising—from 100 to 115—began to decline rapidly--from 115 to 95—even more pronounced was the drop in the productivity per man-hour—from 91 it went down to 75. Lowering of wages will mean not only political trouble but economic dislocation and a slump in the output.

The higher incentives given to the capitalists have failed to improve the situation : the only result so far has been that much wants more. The fostering of Birla Bees and Dalmia Cows have brought no honey and milk to our starving peoples. Increasingly the depth and extent of our economic *malaise* are being realised.

Reviewing the latest facet of the economic crisis, that of acute adverse balance of trade, "If we must import food and capital goods, we may have to go without clothes or coffee or *Vanaspati*, so that our foreign trade is balanced. It is all a case of relative priorities." As long last austerity is being preached from the highest quarters.

There is no doubt that India's deepseated economic crisis demands tightening of belts, hard work and life of austerity. If

we are once again to save Rs. 585 crores that we saved in 1943-44 or reach the high level of savings reached in 1941-42—18.5 per cent of the National Income—it is necessary to embrace austerity. Economic progress depends upon accumulation of Capital, and the accumulation is a function of austerity.

The austerity, to be just, must be based on equality of sacrifice. The *Eastern Economist* mocks the common people when it says, in a recent issue, "India has her back to the wall. She is entitled to ask of all her children, the poor no less than the rich, that they should cease their clamour until she can barken to their voice." Behind this specious plea is the desire to freeze the unequal *status quo.*

As every tyro in economic knows wide disparities in income make austerity meaningless until it is preceded by equality of income. If production today depends on sacrifices, the sacrifices will be made willingly only if there is an approximation to economic equality. INTUC, so close to Sardar's heart, has not for nothing set the floor and ceiling of individual income at Rs. 100 and Rs. 1200 a month. Today the floor as far as industrial workers are concerned, is not Rs. 1200 a year but Rs. 728.4 which in terms of real wages gives a monthly income of less than Rs. 25. And what about the ceiling ? Even if we confine our attention to those who earn over Rs. 1200 a month, or Rs. 15000 a year, we get the following picture.

Year	*No. of Income tax assessees*	*Total Income assessed (Rs. in lakhs)*	*No. of assessees with income over Rs. 15000*	*Their Total Income (Rs. in lakhs)*
1938-39	271828	13872.61	17840	4205
1945-46	421731	32558.54	43600	15048

6.6 per cent of the income-tax assessees were drawing, in 1938-39, 30 per cent of the taxed income; in 1945-46, the number of higher brackets assessees rose to over 9 per cent, and their share in the income became 45 per cent.

EQUALITY

If it is to be the lot of this generation to sweat and toil, so

that the next generation may have plenty, the Capitalists will have to be made to work with *lower* incentives, the spreadout between the floor and ceiling must be reduced at least to the INTUC ideals.

In the context of such economic equality, a policy of austerity will become not only meaningful but also succeed in evoking response. Not higher but lower incentive is therefore the way to higher production.

The next question is of rationalisation. Before production can be rationalised, management will have to be carefully looked into and re-organised. If Indian worker is inefficient, Indian *entrepreneur* is not only inefficient but is corrupt to boot. Working parties, consisting of the representatives of workers, technicians, managers and experts in audit, costing marketing, etc., will have to book into the working of every industrial unit and rationalise the management and fix definite targets of production.

The workers must be taken into full confidence and through schemes and journal's like *TWI* and *Target*, in Britain, their trained co-operation will have to be enlisted in the task of production. Labour must cease to be treated as a factor of production and be raised to the position of the dominant partner in production.

The economic confusion around us cannot be set right by *laissez faire* Industrial integration has advanced so far that free competition, in its pristine form, is no longer possible in India. The choice is between pluto-oligarchic planning by Birlas and democratic planning by the state. Neogi would have been awarded his wail, if Indian's foreign trade was directed by an Corporation and had not been left to the whims criminal fancies of private traders.

ABDICATE

Even with these changes India will not recover economic health over-night. Hard and sustained work, with perhaps an element of compulsion would be needed. And extra doses of Labour will have to make up for the scarcity of Capital. Grandiose schemes, agricultural, industrial and hydroelectric will be of little help to us in the short-run. Intensive small scale production is needed. Forget Ford, even Stalin, and concentrate

on the teachings of Gandhi.

The Socialist Party has consistently advocated a policy of economic equality and austerity. It has favoured planned production and workers participation in industry—a participation which would mean shouldering responsibilities with asserting rights. The Socialist party has demanded the organisation of a Land Army, two million strong, to face our food crisis : not so much to bring the sub-marginal land under tractors but to improve through careful husbanding the undulating acres of ageless India. The Socialist Party have put the accent consistently on small scale production and emphasised the need of scientific research and technological investigation into effective methods of production involving a low ratio of capital to labour.

What needs to be hammered home is the truth that India's economic crisis cannot be solved by rendering men and machine idle. No hand must remain unemployed—that must be the inflexible objective. In a country where a magnificent of productive resources are idle (of. *Commerce,* No. 2005), where production continues to fall short of installed capacity the way to fight a depression is not wage-cuts and cashiering of workers but putting the idle resources to work. Let us not follow the senile course of economy and unemployment followed by the MacDonald Baldwin Government in Britain in 1931 but take the virile course of a New Deal. No man, no machine shall remain idle—that must remain our relentless resolve.

His Capitalist friends and advisers are taking Sardar Patel along the wrong track. If India's hard-won freedom is not to be seriously endangered Sardar Patel must drastically revise his economic policy. Mr. Birla, Sardar must realise, is not fit to be the economic Czar of India. We need a wizard who will out-Cripps. There are such men in the country but they do not sit in the Treasury Benches nor are they to be found among those who perambulate behind Sardar during his morning walks.

Every single economic policy, pursued so far, by the Sardar is wrongly conceived and wrongly oriented. Its consequences have already proved to be destructive; the historic achievements of a politician of genius have been endangered by the wrong economic prensions. He must either reverse his policies or abdicate.

14

THE P.S.P. CADRE : A SAMPLE SURVEY

ASOKA MEHTA

The Silver Jubilee Conference of the Party was attended by 931 delegates, which I am told is a record attendance for our Party Conference. I was anxious to take advantage of such a representative gathering to obtain some data about the interests and activities of leading members of the Party. Accordingly, a questionnaire was circulated to the delegates, which 416 delegates filled up. It is distressing that less than 50 per cent of the delegates cared to supply the details asked for. If a fuller coverage had been obtained our analysis of Party leadership would have been more revealing.

As the Conference was held in Bombay, inevitably, a large number of the delegates had come from Maharashtra. We, therefore, find that over one-fourth of the delegates who filled up the forms are from Maharashtra. Likewise Bihar was able to provide an extensive coverage. In the sample before us, there is inevitably greater weightage to Maharashtra and Bihar compared to other States. Some States like Mysore and Assam are very inadequately represented in the survey.

The picture that emerges is, therefore, not wholly representative of the Party in every part of the country. Notwithstanding this reservation, the information collected throws valuable light on the character of the leading cadre of the Party.

YOUTH MAIN PROP

Information was asked about age, educational qualifications and profession of the delegate. Further, we sought to find out the length of membership of the delegate as also the types of activities in which he or she was engaged.

It is interesting to find that 252 delegates were under 35 years of age and 164 delegates reported themselves to be over 35. In the two States of Maharashtra and Bihar, where reporting was fairly extensive, the difference between those under 35 and those over 35 was very marked. It is obvious that the Party, by and large, remains an organisation of young people though with the passage of time about 40 per cent of the leading cadres of the Party have moved to mature age.

The educational qualifications show that the Party cadres are drawn from wide sections of the people. Sixty-five delegates have received only primary education, 99 secondary education and 30 higher secondary education, while 50 are graduates and as many as 72 are post-graduates. A Party with such an accent on higher education should be in a position to organise its activities in an efficient manner.

Table 14.1 brings together the necessary information State-wise.

As many as 242 delegates, i.e., more than 50 per cent of those who filled up the forms know English while 327, i.e., over 75 per cent claimed to know Hindi. This shows that at this level of leadership in the Party we are in a position to function in either of the principal official languages.

FARMERS PREDOMINATE

A study of the professions to which the delegates belonged reveals that 85 are agriculturists, 39 are businessmen, 65 follow independent professions, 68 are in services, and 141 are engaged in full-time trade union or Party work, while 18 are unemployed. There is scope for strengthening the recruitment of our active cadres from professions and business in some of the States, but perhaps that is a function of the general development of the Party in the State concerned.

Table 14.3 gives the details of the distribution of the delegates in different professions.

TABLE 14.1

State	*Primary*	*Secondary*	*Higher Secondary*	*Graduate*	*Post-Graduate*
Bihar	15	32	34	9	18
West Bengal	5	8	16	8	8
Orissa	—	8	6	3	—
Madhya Pradesh	2	7	1	—	9
Madras	6	1	4	1	—
Gujarat	5	3	4	—	—
Punjab	—	—	2	—	2
Karnataka	1	—	1	—	—
Assam	—	—	—	—	2
Delhi	3	—	3	—	—
Rajasthan	—	3	8	4	3
Maharashtra	21	22	41	16	22
Uttar Pradesh	7	15	10	9	8
Total	65	99	130	50	72

TABLE 14.2

State	*Agriculture*	*Business*	*Independent professions*	*Service*	*Trade union work*	*Unemployed*
Bihar	26	2	11	4	56	6
West Bengal	4	4	11	13	8	—
Orissa	6	—	2	—	9	—
Madhya Pradesh	3	2	6	2	5	1
Madras	—	5	1	—	6	—
Gujarat	1	1	1	3	5	1
Punjab	—	—	—	—	4	—
Mysore	1	—	—	—	1	—
Assam	—	—	2	—	—	—
Delhi	—	1	2	1	2	—
Rajasthan	—	6	3	2	6	1
Maharashtra	21	6	18	39	31	7
Uttar Pradesh	23	2	8	4	8	2
Total	85	29	65	68	141	18

We were anxious to find out the length of membership in the Party of the delegates. It was satisfying to find that 61 of them had joined the Party between 1934 and 1942, 106 between 1942 and 1948, 118 between 1948-52, and 131 between 1952-59. This shows that fresh blood has been steadily coming into the Party and has been gaining positions in the organisation of the Party.

The large number of delegates belonging to the 1952-59 period in West Bengal can be explained by the fact that in 1953 the KMPP, the Forward Bloc and the Socialist Party merged together and at least in that State the merger brought about a basic transformation in the structure of the Party.

Table 14.3 gives the details of the number of delegates who joined the Party in the various States and their dates of joining.

TABLE 14.3

State	*1934-42*	*1942-48*	*1948-52*	*1952-59*
Bihar	29	43	21	15
West Bengal	4	4	2	35
Orissa	1	4	6	5
Madhya Pradesh	1	4	8	6
Madras	—	5	5	3
Gujarat	1	—	4	7
Punjab	2	2	—	—
Mysore	—	—	2	—
Assam	—	2	—	—
Delhi	1	3	—	2
Rajasthan	—	4	4	10
Maharashtra	15	25	52	30
Uttar Pradesh	7	10	14	18
Total	61	106	118	131

FIELDS OF ACTIVITY

The spectrum of activities covers working among youth, in the Party, in trade unions, among kisans, in legislatures, local bodies, co-operatives, cultural activities and among the students. As most of the delegates are engaged simultaneously in a number of activities the report shows participation in a total of 1,139

activities, which means that on an average our leading Partymen are engaged in three fields of activities.

Whether this is more than can be efficiently managed by a Party worker who is not giving his whole time to Party work is a matter that needs to be gone into by State Executives.

One hundred and two delegates are engaged in youth activities, 345 in Party work, 145 in trade unions, 181 in kisan work, 29 are members of legislatures, 85 are connected with local bodies and 101 with co-operatives, 85 are in cultural activities and 66 work among students.

It is a happy trend that even in the limited sample that we have before us, as many as 85 are connected with local bodies. If fuller information about our Party workers' association with local bodies, including village panchayats, when made available by the State Executives will put us in position to organise more efficiently our participation in democratic institutions. Likewise there seems to be a considerable amount of activity in the field of co-operatives also.

Here too, when fuller information is collected by State Executives it should not be difficult to plan for better co-ordination and training of our cadres engaged in co-operative activities. The more competent among the co-operators, I am sure, will impart the training needed by the less experienced.

Table 14.4 gives the state-wise break-up of the activities in which the delegates are engaged.

A study of the table shows how useful it will be to get fuller information on these lines about our active members in different fields. It is only with such information that the Party can plan its activities, strengthen its organisations, develop its training programme and adequately utilise its manpower resources. The limited survey was carried out just to have a rough idea of the varied talents and the possibilities available to the Party.

It is our task to introduce greater co-ordination into our activities and to step up the efficiency. To that end we welcome suggestions from Party Comrades.

There is neither any split in the ranks of the Punjab Branch of the PSP, nor any rift between the national leadership and the Punjab Branch. In this context, I am constrained to say that the report that "Two PSP leaders of the Punjab, one a member of the National Executive and the other Joint Secretary of the State unit,

TABLE 14.4

State	*Youth*	*Party*	*Trade Union*	*Kisan*	*Legislature*	*Local bodies*	*Co-operatives*	*Library Culture etc.*	*Students*
Bihar	25	88	32	68	8	12	27	17	23
West Bengal	14	28	31	11	2	2	5	8	5
Orissa	6	16	5	8	1	3	—	8	5
Madhya Pradesh	7	16	4	13	3	5	5	4	5
Madras	—	12	5	4	—	1	5	4	—
Gujarat	2	9	6	6	—	7	4	1	2
Punjab	—	4	—	1	—	—	—	—	—
Mysore	2	2	2	2	—	—	—	1	—
Assam	1	2	1	1	—	—	—	—	1
Delhi	—	5	3	—	—	1	1	2	—
Rajasthan	3	16	8	8	—	9	3	6	4
Maharashtra	36	104	42	28	10	35	39	31	16
Uttar Pradesh	6	43	5	31	5	10	12	3	5
Total	102	345	145	181	29	85	101	85	66

have disapproved of the support to the Punjabi Suba demand extended by two top leaders of the Party," is not only without any foundation but a pure fabrication. I can challenge any one to substantiate this report. I happen to be the only member, belonging to the Punjab Branch, who is on the National Executive of the PSP. Nobody has ever quoted me as saying, either in public or in private, anything of the kind. I can also authoritatively say that no Joint Secretary of the Punjab branch of the PSP has made any such remark.

The story of a split in the Punjab Branch of the PSP has no validity. A careful perusal of all the reports appearing in your papers on this point will reveal that the only possible basis for it could have been a resolution supposed to have been adopted by the Jullundur City unit of the Party. But strangely enough, your correspondent has not cared to quote from the text of the resolution. Even the sponsors of this resolution, however, later on emphasized that "The State PSP stood by its decision, contained in its Memorandum to the States Reorganisation Commission" (*The Times of India*, December 15, 1959).

It is, therefore, not possible for me to assess the exact import of this solitary resolution as the Central Office of the PSP has not yet received a copy till now. It may not be impertinent to ask if it is fair to build a sensational split story on such slender basis.

I hope you will publish this letter in the interests of truth and fair play. What you should do with your correspondents who send you patently false reports is not for me to say.

Yours faithfully,
PREM BHASIN,
Joint Secretary,
Praja Socialist Party

3. There have been by-elections to a number of special constituencies such as Chamber of Commerce, Land-holders, and trade union constituencies. These special constituencies will not exist in the General Elections. I have therefore, excluded from the review all special constituencies except labour constituencies. I have likewise ignored by-elections to legislative *Councils*, with their scandalously limited franchise.
4. Some months back, it had been announced that the General Elections would come off *in May* 1951. Some by-elections were, therefore, not contested by some parties because of the imminence of General Elections. The uncertainty about the General Elections gave the ruling party some uncontested seats. I have, therefore, ignored the uncontested seats in the analysis of voting given in this article.
5. Because of limited franchise, the constituencies are exceptionally large and hence per vote expense ratio is disproportionately high. These facts deter newer and poorer parties from contesting and favour the 3 "GOP" —the Congress Party.
6. Because of the election atmosphere that would grip the people polling would be higher in the General Elections and to that extent by-election results cannot be taken as a correct portent of things to come.

SOCIALISTS : THE PRINCIPAL OPPOSITION

Notwithstanding the above limitations, the voting figures of recent by-elections provide the most significant straws indicating the directions of the winds of public opinion.

I have before me the results of twenty-eight by-elections in different provinces. They were held between January 1950 to March 1951. These by-elections are distributed in different provinces as follows :

Punjab	1
U.P.	7
Bombay	3
Bengal	5

Orissa	1
Mysore	3
Madras	2
Assam	1
Travancore-Cochin	5

The 28 seats were won by the following parties in the order given below :

Congress Party	20 Seats
Socialist Party	4 "
Fourth Party (former Muslim League)	2 "
People's Congress	1 Seat
Democratic Congress	1 "

The number of seats won or lost do not give a fair idea of the support of the people. There the voting figures are a better guide. The votes were distributed as follows :

Name of the Party	*No. of Votes polled*	*Percent of total votes cast*
Congress	186560	52.5
Socialist	94290	26.5
Others	74480	21
	355330	100

The conclusions emerge from these figures : (i) The Socialist Party is the second biggest party in India, that is, *it is the principal opposition party in the country*; (ii) it enjoys more support than all other *opposition parties put together*.

The "other parties" may be catalogued on next page.

From the analysis three facts emerge : (i) Though the Congress got 71.4 per cent of the seats, its vote was only a little over 50 per cent. In single-member constituencies, there is no direct proportion between votes cast and seats won. The party that gets majority of votes wins, not unoften *overwhelming* majority of seats. (ii) All the opposition parties to the Congress, barring the Socialist Party, are weak and mostly confined to a

Name of the Party	*Votes Polled*	*Per cent of total votes*
Democratic Congress (Travancore-Cochin	16620	4.7
Krishak Praja (West Bengal)	12620	3.5
Communist	7410	2.1
Fourth Party (Bombay)	6660	1.8
People's Congress (U.P.)	5780	1.6
Scheduled Caste Federation	1180	0.3
Republic Party (Madras)	860	0.24
Kerala Socialist Party	420	0.12
Independents	21230	5.9

state or a part of it. (iii) *The only organised nation-wide alternative to the Congress Party is the Socialist Party.*

STRENGTH OF DIFFERENT PARTIES

To assess the strength of different parties, it would be useful to break up the voting figures state-wise. (See page 120).

From the following chart the following conclusions can be drawn :

1. In most provinces, the Socialist Party is the principal opposition to the Congress Party.
2. The principal exception to this rule is the State of West Bengal. There the main opposition comes from the Krishak Party, with the Communists running behind. The Socialist Party in West Bengal, on the basis of past performance, fails to make a good showing.
3. Surprisingly, of all the provinces, the Congress Party on the basis of votes polled, is strongest in Bengal. Notwithstanding the popular belief to the contrary, the Congress Party is well entrenched in Bengal.
4. In the State of Travancore-Cochin, the Socialist Party has polled more votes than the Congress Party. The balance of power is with the Democratic Congress. There is the reason why Sri. Purshottamdas Tandon recently made a "pilgrimage" to Cape Comorin to woo and win

Party	Percentage of votes polled in the provinces of								
	T.C.	*U.P.*	*Bombay*	*Madras*	*Bengal*	*Orissa*	*Punjab*	*Mysore*	*Assam*
Congress	36.4	60.8	38	57.8	64.1	57	70	54.2	49
Socialist	43.1	18.8	—	40.2	3.9	22	—	21.4	48
Communist	0.9	—	—	1.7	8.3	—	5	—	—
Democratic Congress	17.9	—	—	—	—	—	—	—	—
Krishak Praja Party	—	9.6	—	—	18.9	—	—	—	—
Scheduled Caste Fed.	—	—	5.5	—	—	—	—	—	—
Fourth Party	—	—	30	—	—	—	—	—	—
Independents	—	10.6	24	—	2.6	21	—	21	3

the support of the Democratic Congress Party for the Congress Party.

5. When the opposition vote gets split up, even with minority vote the Congress wins as the following two instaces show :

(a)	Bangalore City (August 1950)		
	Congress	2314	43 per cent
	Socialist	1676	31 ,,
	Independents	1160	21 ,,
(b)	Malda (West Bengal) (March 1951)		
	Congress	9874	45 per cent
	Krishak Praja	5950	28 ,,
	Communist	5682	27 ,,

6. Sometimes even small, splinter parties tip the balance the wrong way. The following election result is a case to the point :

Poonamangalam (Travancore-Cochin) January 1950		
Congress	5572	48 per cent
Socialist	4710	41 ,,
Communist	842	7 ,,
Kerala Socialist Party	424	4 ,,

EFFECTS OF VOTE-SPLIT

If the Left parties are really interested in defeating the Congress Party at the polls, they should not indulge in such *vote-splitting*. The Socialist Party, as the strongest Left alternative to the Congress, should be allowed to choose its constituencies. After all, it has announced its intention to contest only 2000 out of 3551 seats, that means nearly 40 per cent of the seats will be at the disposal of the other parties. Will the splintered Left be capable of restraining piracy, will they give up the tactics of cutting one's nose to spite the Socialists ?

You will probably here argue that what is the use of discussing the tactics of defeating the Congress at the polls when in the past fifteen months, it has 52.5 per cent, or an *absolute* majority of votes. The verdict of the people is already writ large on the wall.

Such a conclusion is not warranted by a fuller and a deeper study of the facts.

(a) The twenty-eight by-elections include eleven by-elections from *Muslim* constituencies. For a variety of reasons the Muslims, in their separate constituencies, have tended to vote Congress. Other parties have generally abstained from entering these constituencies. The alignment was as follows :

Congress	56.7 per cent
Krishak Praja	8.05 ,,
Fourth Party	7.7 ,,
People's Congress	6.7 ,,
Socialist Party	4.5 ,,
Independents	15.6 ,,

In the General Elections, the Muslim vote was not retain this pattern, it will *not* be clustered round the Congress Party.

(b) A clearer picture of the comparative strength of the Congress and the Socialist Party emerges when we confine our attention to the constituencies where both the parties were pitted against each other. That was the case in 14 out of 28 constituencies.

In the General Elections the Socialists will be pitted against the Congress in only 2000 out of 3551 constituencies. So the narrowing of the focus of study to the constituencies where *both* the parties contested is not without value.

In those 14 constituencies the following pattern of political opinion emerges :

Congress	113100	48.9 per cent
Socialist Party	94290	40.5 per cent
Others	25460	10.6 per cent
Total	232850	100 per cent

RESULTS OF STRAIGHT FIGHT

Where the Socialist Party challenges the Congress, voting gets polarised round the two parties, leaving other contestants high and dry. This experience should warn other parties to devote their attention to constituencies—1500 of them—left free by the Socialist Party. Such a diversion of attention will be helpful to the smaller parties both ways : (i) in helping to defeat the Congress, and (ii) in winning support for themselves.

2. The Congress Party does not enjoy in constituencies contested by the Socialist Party, an absolute majority of vote. And the margin of difference in the votes of the two parties is not wide. The surest way of drawing away votes from the Congress Party is to let the Socialist Party be pitted against it.

3. To get a clearer picture of the alignment of political opinions in the country we must also discover, besides the strength, the *trend* of opinions. An analysis of the by-elections contested by the Congress and the Socialist Party from January 1950 to July 1950 and from August 1950 to March 1951 reveals the following results :

Party	*January-July 1950*		*August 1950 March 1951*	
	No. of votes	*Per cent*	*No. of votes*	*Per cent*
Congress	35600	61.9	77510	44.2
Socialist	16780	29.2	77500	44.2
Others	5080	8.9	20380	11.6
Total	57460	100	175390	100

ADULT FRANCHISE FAVOURS SOCIALISTS

The Socialist Party vote has been steadily mounting. "It has in the last few months come on level with the vote polled by the Congress Party. While the Socialist Party's vote has jumped from 29.2 per cent to 44.2 per cent or by 15 per cent, the vote of all other non-Congress parties (including the independents) by only 2.7 per cent. Popular allegiance is definitely moving away from the Congress. It is turning with growing deliberateness to the Socialist Party. Other parties lack this pulling power". The most

acceptable alternative to the Congress Party is the Socialist Party in the eyes of our voters.

4. The figures analysed so far are from constituencies with restricted franchise. What will happen under adult franchise ? Have we any indication of the way the adult vote is likely to go ?

As stated earlier, there is only one state where elections to the legislature have taken place on the basis of adult franchise. Fortunately five by-elections have taken place there—all on the basis of adult suffrage and joint electorate. What picture emerges from this dress-rehearsal of the General Elections ?

Socialist Party	39950	44.3 per cent
Congress Party	34850	36.4 per cent
Democratic Congress	16620	17.9 per cent
Communist	840	0.9 per cent
Kerala Socialist Party	420	0.5 per cent
Total	92680	100 per cent

The Socialist Party has failed to get an absolute majority of votes, but its poll is higher than that of the Congress Party. In the only State where by-elections have taken place on the basis of adult franchise the Congress Party has been beaten by the Socialist Party. Adult franchise is likely to prove to be the Achilles' heel of the Congress.

While a middle party might emerge to reduce the Socialist Party to a minority, the "left parties" are unlikely to play any significant part in the distribution of votes. Left unity is not merely a meaningless device, but if entered into might discourage voters from supporting the Socialist Party. A closer understanding in placing of the candidates between the Socialist Party and the middle party can seal the doom of the Congress Party.

Vox Populi tells us that under adult franchise elections, Socialist Party will be favoured. If the opposition parties pay heed to the clearly expressed wishes of the people and adjust among themselves (leave 2000 seats to the Socialist Party and divide the other 1551 among themselves) the Congress Party, notwithstanding all its advantages (because such advantages count for much more in by-elections than in the General elections),

would be routed at the polls. The question is, will the other parties heed the unambiguous voice of the people ?

The people of the country are entitled to a clear answer from the "other parties".

16

HOW TO GET THE BEST FROM PLANNING : IMPORTANCE OF DETAILED STUDIES*

ASOKA MEHTA

Like the builders of Taj Mahal we must conceive as giants and finish every bit as jewellers.

Economic planning is mainly concerned with the elaboration of a growth strategy that devises and directs the development process towards the quickest realisation of the objectives postulated. The effort is an essay in foresight. The concrete estimate of the strategy, however, becomes possible only after the event, with hindsight. It is the school of experience which improves and matures ideas about the dimensions, dynamics and interdependence of factors of growth, of the possibilities of choice between growth variants, of a lack of consistency, or even of contradiction, in the decisions reached, and of the time required to accomplish the process that has been set in motion.

Fortunately, we are at the mid-point in our growth strategy where considerable experience has been gathered over two Plans, and where, for a further two Plans, the critical part of the strategy has still to be worked out. This, then, is the moment of scrutiny, all the more necessary because we have reached the decisive stage in the growth strategy, where a marked increase in investments, and consequently, in the accumulation rate is indicated.

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The growth strategy is related to the broad objectives of our endeavours. The objectives, in my view, do not evoke great dispute, or even differences. They focus attention on providing employment opportunities to all who seek them, and a steady improvement in skills and techniques to augment earnings. Such an approach to employment ensures a minimum level of living to all—a level that would steadily rise with every refinement in skills and tools, and where the disparities in income and wealth get steadily eroded. These changes imply considerable and continuous educational advances, as also changes in the occupational and production structure of the economy. A change in production-structure vastly increases the *import sensitivity* of economy. The improvement in techniques, and the resulting changes in tools, demand ever rising imports. That problem can only be overcome in one way—by undertaking the fabrication of new tools, that is, by a programme of import substitution.

Employment opportunities and rising levels of living depend upon the break-up of economic stagnation and the release of dynamism. This dynamism, in fact, is the propulsion of technological changes within the traditional economy—such a propulsion cannot be achieved and sustained except through increasingly sophisticated efforts in machine-building and other import substituting devices.

THE PERSPECTIVE

We talk of plans of development and that does imply a certain periodicity. Sound planning would include plans of different duration drawn up for different, yet inter-related, purposes. Broadly, there are three kinds of activities we are concerned with. First, agricultural production. This should include a great number of schemes that mature quickly, that yield output in two years or so for the investments made. The cycle is short. Good planning should work to achieve such a quick rhythm of investment increment and output improvement.

Secondly, activities in industry, modern transport and power take longer periods to show a return; five to seven years are needed for completing the construction of specific projects and, as it were, building up steam. That cycle of maturation determines the periodicity of the medium-term plans. As development plans

include schemes, programmes and projects of both kinds, their span is generally of between five to seven years. Within a medium-term plan, it is necessary to strike a proper balance between short-term or quickly maturing schemes, and programmes with a longer gestation period.

Finally, where a backward country has to be pulled into the full focus of development, a longer-term plan is needed. The various forces inducing growth identify themselves and discover their roles only in the chronological-*cum*-logical pattern of a perspective plan covering a period of 15 to 20 years. The carrying through of *structural changes*, where old relationships yield their place to new ones, takes considerable time. The full implications of a growth strategy are perceived, even conceived of, only in terms of a long-range plan. These plans of different duration are not unrelated, they have to be wrought together, only then one can expect to achieve the dimensions, proportions and the step-by-step results desired.

In our country the magic phrase "Five Year Plan" has tended to over-emphasise the medium-term aspect of planning, and grossly underrate the short-term plans and efforts implicit in them. Likewise, the perspective plan is given a somewhat casual recognition. Its thrust towards structural transformation, its unfolding of the logic, that is, the essence and implications of fundamentally altering the occupational and production structure of the economy, fail to get the needed attention. Looking just at medium-term planning there is the tendency to consider investment meant to build or expand production capacity, while neglecting complementary and accessory investments.

The latter investments primarily raise productivity, not production capacity. Perspective planning can provide meaning and rationale to the production of equipment, often not up-to-date and yet costly, as a stage to be gone through before reaching sophistication in fabrication. To learn to produce, to design and construct new equipment is to enter the *sanctum sanctorum* of industrialisation, and that requires a preliminary stage of amateurish apprenticeship.

Unless one grasps the full import of the arch that is to span undevelopedness with development, the thrill of engineering it, which is among the great rewards and enriching elements of growth, is likely to be missed. Without that, planning ceases to be

an adventure in achievement and becomes an irksome task.

The fetters on growth do not fall off, the bottlenecks do not break, except through a considerable period of effort. A perspective plan indicates how the unavoidable detriment that growth causes to balance gets corrected, or how the sharp increase in the rate of investment and saving demanded by the intensive phase of growth later tends to flatten out; or how qualitative improvements follow in the wake of quantitative achievements. Planning viewed in smaller segments is apt to seem intractable, even frustrating.

The long-term envisioning of growth does not mean that the immediate tasks can be neglected. They are vital and crucial. What I am pleading for is that planning has to have the same discipline that, according to Vincent Smith, the builders of the Taj Mahal evinced; to conceive as giants, but finish every bit as jewellers !

ROLE OF AGRICULTURE

The pressure of price rise will be contained insofar as the Plan is wisely devised and efficiently implemented. The needs of the economy, the urgency of expanding job opportunities and of raising incomes requires that certain risks be taken in development. The risks of growth are preferable to the threats of stagnation. This means a large plan has to be envisaged. If agricultural and other quickly maturing programmes are not properly attended to, price distortions cannot be avoided. The size of the plan, therefore, gets determined by the performance possibilities in agriculture. There are other determinants also. If the streams of income generated just balance food supplies, price rises will occur.

The danger can be averted to the extent one is able to set up a competent food administration, with the essential controls and rationed distribution, and further, insofar as one is able to hold down the propensity to increase inventories and commodity balances of other kinds. In short, a serious effort to impart dynamism to the economy and to satisfy the bare needs of the people straight away throws onerous responsibilities on the administration. Slack administration and lifting the hurting burdens from the people cannot go together.

USE OF RESOURCES

Economic development and, more so, planning have to take account of the *material-technical* basis available. Lack of development means that the material resources are not fully identified and the technical competence to utilise what is available is poor. This kind of weakness is less in the emerging industrial sector, because there the modern technology provides, as it were, its built-in facilities. The weakness are greatest in what one might term the *diffused sector*, that of agriculture and handicrafts. In agriculture, traditional methods yield limited results and involve heavy wastage. It has been calculated that in food preservation and processing our current losses are as much as Rs. 1,400 crore a year ! Even in modern organised industries, the non-availability of raw materials can prove to be a serious constraint. Minerals may have to be located; agricultural raw materials diligently improved. Thus, industry would need to develop a *backward linkage* with agriculture, if its progress is not to be slowed down.

The ability to adequately utilise the material-technical resources depends upon *techno-administrative* efforts. The administration has constantly to identify obstacles to development and also discover growth potential in various regions and spheres of the economy and devise measures that would remove the obstacles and foster the potential. It is easy to draw up a plan in the aggregate; the real test lies in working out its minutest details. These details are neither given nor apparent straight away. In the plan-frame developed for the country, any one State will have its own distinctive growth possibilities and rate of actualisation. Because agricultural production is to increase five per cent annually for the country as a whole, it will not be the same for that State. It may be higher or lower. That figure will emerge only when the growth possibilities of different districts and blocks are assessed and methods for tapping them outlined. The growth chart in agriculture during the Fourth Plan for the State, in turn, would be the sum of the innumerable growth rates realistically worked out in the various districts.

The innumerable growth rates do not emerge like some Minerva fully armed from the brow of Zeus. They flow out of the provision of irrigation, seeds, fertilizers, credit etc. to millions of agriculturists. The requirements of those resources for production

have to be worked out in great detail and their provision assured conjointly and in time. Agricultural advance, therefore, requires a certain degree of sophistication on the part of the farmer. He must be conscious of his needs and do something to meet them. This is how the world over farmers' co-operatives have come up. The farmer will discover that the availabilities of supplies are facilitated and assured when linked up with the marketing of his produce. While the administration strives to assess his requirements, he builds a nexus with his neighbours for receiving supplies and utilising them in a constantly improving manner. The techno-administrative competence, therefore, is not fixed; it has considerable variables in it.

It is wise to ponder over the following observation made by Mr. Albert Waterston :

> "Since administrative reforms to improve projects programming present many difficulties and generally take a long time to carry out, orderly preparation, execution, and operation of projects is more difficult and time-consuming than the preparation of an aggregative development Plan."

We should no longer be satisfied with aggregative planning—it is merely the alpha and omega of planning. It is the detailed, step-by-step preparations of a plan and their phased execution that decides the quantum and quality of yields. The heart of sound planning comes from the contribution of the administrative experts.

TECHNICAL STUDIES

The next area is the one where a great deal of pioneering has still to be done—that is, in the field of *techno-economic* survey. The National Council of Applied Economic Research (NCAER) made a valuable contribution in evoking the interest of the State Governments in such survey. In rare cases, the study has been carried forward to the district. However, much still remains to be done. To uncover the gamut of growth in a region and then to weigh the costs against benefits that different programmes and schemes imply is a necessary exercise for adequately organising a prospectus of development. The nigardliness of available resources needs to be compensated by rationality in the choice in

development.

Even at the national level this kind of work leaves much to be desired. At the district level, this approach with simplified criteria has a cardinal role to play in planning. Techno-administrative decisions will be meaningful only when the techno-economic analysis becomes a habit of work. In evolving the criteria, in infusing various administrative disciplines and cadres with economic calculations, the universities can make an incalculable contribution. A poor region has a greater need for cost consciousness than an affluent one. Once techno-economic thinking starts, development will cease to be just a catalogue of felt needs.

The *social-economic conditions* determines both the goals, the means and the pace of growth. A society remains stratified, an economy remains stagnant, because a certain alignment of social and economic forces maintain it that way and profit from the situation. Growth within the framework of those forces would be limited and unbalanced. It is in the nature of development to favour the strong against the vulnerable. There is such a thing as the tendency towards *cumulative inequality* that development touches off. If it is not corrected, it limits the possibility of growth, at the same time distorting it.

HARD HAUL AND HUMP

The growth strategy requires an increasing mobilisation of savings for stepped-up investments till the infrastructure of the economy gets built and the occupational and production structure basically altered. This is what is known as the *hard haul* from 5 per cent annual rate of saving and investment to 20 per cent, a rate that ensures crossing of the "*the hump*" of development efforts. Further progress from there is comparatively smooth and free from special strain.

The initial expanding accumulation has to be attempted while augmenting the national output. To mobilise the savings needed and to channel them in the desired directions, both require considerable discipline. If the hard haul is to be quickly attempted, the marginal rate of savings has to be high. The production structure of the economy will not be diversified, the various segments and levels of the economy will not get activised unless the society makes a concerted effort to diffuse skills widely,

to spread education and to impart some evenness in the distribution of purchasing power. Traditional social and economic relations choke these efforts and thereby *abort growth.* If in more than half the districts of India the growth urge has so far proved to be sterile, it is due primarily to the adverse social context.

We have introduced a number of reforms that have set in motion the process of altering the traditional social-economic relations. The land reforms have wrought some changes. The measures taken to ameliorate the conditions of the Scheduled Castes and Tribes have broken the hardened crust of what Walter Bagehot called "the cake of custom". In the nineteenth century, the status of women in our society got debased. That is why, from Raja Rammohun Roy onwards, social reformers concentrated with devotion on the rehabilitation of women as equal members of society. I am indicating a few changes to show that we have not been static, but we are still far from achieving a decisive reshaping of the social structure, providing a vital boost to our growth efforts.

Techno-economic criteria have often to be redefined in the light of social and economic realities. For one thing they may not permit the full realisation of techno-economic possibilities and again these possibilities have to be understood differently against a varying backdrop. Our economy operates at different levels of technique. Lower techniques have to be accepted and imported not only because of shortage of capital or abundance of labour, but because techniques can be raised only in a phased way to avert social disruption. Here techno-economic efforts assume the character of maximising gains from the prevailing structure of production. It is not so much changing the instrument, as tightening the strings to get the music desired. Changing of tools and techniques is one thing, improving performance with the old tools is another. The stimuli and disciplines needed in the two cases often are not the same. All this adds to the responsibilities of the administrator.

ROLE OF LEADERSHIP

The core of our problem resides in the *socio-political leadership.* The developmental revolution that a country like ours has to put through—and the Plan is merely the outward expression of that inner effort—requires clarity of purpose and determined

execution. These are the tasks of political education and organisation. Here we have been singularly weak. Administrative efforts by themselves cannot evoke the response which involves a deep impact on the thought-patterns and habit-structures of the people. In some districts of India, co-operatives have provided a new dimension of efforts to our agriculturists. There are regions where 'milk-grids', with a complex of dairy industries, are emerging. There are other regions where agricultural produce is being processed at rising levels of complexity, for example, sugarcane being converted into sugar in co-operative factories, and these factories then co-operatively using the waste bagasse to produce paper.

Such modernist trends in the aspirations and articulations of political leadership lead to the forging of a *forward linkage* between agriculture and industry. The income structure of small agriculturists can only be altered when they take over the more paying functions of trade and manufacture. This effort at re-structuring rural society through co-operative efforts and techno-logical improvements is as yet a far from general feature of political responsibility.

EXPERIMENTATION

On the whole, our planning efforts have not resulted in adequate experimentation and in the formulation of new and meaningful clusters of productive relationship. In Israel, for instance, the *Histadrut*, their trade union organisation, is engaged in vast and varied productive activities, and offers a new lever of development and social change. In Yugoslavia, the Workers' Councils have likewise attempted an organisational mutation. Some experimentation is taking place in our country in the working of the Panchayati Raj Institutions. The innovations attempted in Orissa show that both considerable scope and promise exist here. The universities need to devote more time and thought to the problem of organisational innovation. If technological progress and classical economic growth are the result of innovating entrepreneurship, rapid improvement in the levels of work and output in the "diffused sector" is contingent upon *organisational innovation*. This is the area where political and cultural leadership can show its fecundity.

The one big innovation that is imperative in modern development is the *cultivation of science* and the utilisation of its researches. It is a part of planning to gain for our people a place in the republic of science. Its findings have to be spread wide. To accept science is to learn to live with change.

INVESTMENT IN PEOPLE

For the success of the growth strategy, investment in people is as important as investment in things. As a recent study points out, the first is the key to the second :

> "If a country is unable to develop its human beings, it cannot develop much else, whether it be a modern political and social structure, a sense of national unity, or high standards of material welfare."

The strategies of human resource development go beyond formal education. Schools, staff and students are important but they do not exhaust all the elements of the strategy. Motivations and incentives are also less relevant. It has been suggested that in some countries for instance it might be desirable to provide equal pay to a doctor who insists on practising in a city and a medical technician who is willing to work in the rural area.

> "In most underdeveloped countries, the incentives might need to be very strong indeed, with fantastic shortages of both money and personnel, these countries must make sharp choice about whom to educate and what fields, and some may need to impose a period of national service on those thus educated."

In service training is likely to improve skills, widen understanding, more relevantly than costly formal education.

The various elements of strategy of human resource development have to be diversely combined to meet the special requirements of different regions at different levels of development. It is not sound planning to put a uniform accent on primary, secondary, technical, university and adult education. Not only do the relative accents have to be different, as is generally done, but there

is also the need for securing variations in emphasis that are in consonance with the special conditions of different regions. These regional variations we tend to neglect.

Educational attainments not only act as steps in the ladder of possible economic betterment within the urban economy, but in the larger context, they could also have the rest of converting, at least a part of the increasing unemployment in rural areas into overt urbrn unemployment. The full implications of his feature will have to be taken into account in the planning of different regions.

FAMILY PLANNING

Family planning implies the acceptance of rational criteria. In the intimate area of family life it is assumed that matters like the size of the family, spacing of births, limiting the number of children in order to give them better opportunities of life, would be recognised and consciously acted upon by each man and his wife. To the extent a mass response is evoked here, a cultural transformation has already taken place. It indicates the assertion of a deliberately organised scale of preference over traditional values. Such a big change cannot occur in a single segment of life alone. If the people are ready to plan their families, they are ready for changes all along the line. If they are sluggish in other directions, family planning will mean little.

A TIME-BOMB UNDER US

We cannot plan on the implicit assumption that time is no problem. There is a time-bomb ticking under us. In seeking to escape the tension of growth, we get caught up in the toils of stagnation. Inside the most unchanging society, the charge of dynamite is piling up. That is the cardinal difference between the past and the present. Today time has emerged as the determining factor of all our efforts, and we seem to have a surplus of almost everything except time.

Planning is a *continuous process*. Even the best laid plan needs a certain measure of revision by the time it is finalised. There is no end to the possibilities of refinement; care has to be taken to see that the urge for improvement does not prove to be the

disguise worn by a built-in device for delaying execution. Again, the various proportions and relations in the plan are determined partly by techno-economic factors and partly by politico-cultural considerations. Whatever the pressures and posssibilities, a certain balance between the sectors has to be maintained. Luigi Pirandello's words from his play, "*Six Characters in Search of an Author*", have considerable aptness :

> "You cannot have one character coming along like this, becoming too prominent, invading the stage in and out of season and over-shadowing all the rest. All the characters must be contained within one harmonious picture, and presenting only what is proper to present."

An economic plan is like a play. First, the characters appear in a sketchy way, that is, the objectives emerge; then slowly the characters take shape and the lines of dialogue emerge. Similarly, in the Plan, the inter-sectoral relations get established and the details of every sector are spelt out. A plan, like any piece of good administration, is at once an art and a science.

17

POLITICS OF PLANNED ECONOMY

ASOKA MEHTA

Increasingly the world is moving in the direction of economic planning. While the problems of planning, in their economic context, have been receiving considerable attention, the impact of planning on politics has been woefully neglected. Much of the success that has attended planning has come in countries where the *regimes* have been non-democratic or anti-democratic and where war psychology is deliberately fostered. Soviet Russia and Imperial Japan offer classic instances, as they have also been among the countries with the most rapid *pace* of economic development. Need planning be authoritarian ?

Extensive literature is available on this controversy. While the broad conclusion is against the authoritarian assumption, a searching enquiry into the political implications of economic planning has not been made. It is surprising to find that even the rich and growing experience has not been brought together and studied to yield valid and significant conclusions. The area between politics and economic planning remains uncharted and arguments on both sides are carried on without reference to the developing realities and the unfolding experience.

The great *desideratum* becomes a source of deep danger when the economy that is sought to be developed through planning is under-developed and as such has to face special stresses and strains. While the effects of over-saving and under-consumption on a developed economy have been exhaustively

studied, even the initial enquiries have not been made about the political implications of the chronic tendency towards under-saving and over-consumption inherent in under-developed economy.

The fact that the discussion has generally ranged round the well-worn subject of dictatorship *versus* parliamentary democracy, or its somewhat recent formulation, the relative merits and significance of one party *versus* multi-parties States, shows how far we have yet to go. There is an urgent need for objective discussion of the difficult subject and it needs to be constantly informed with experience. Only a long debate will ultimately help to chart the new course.

2. THE TRADITIONAL DILEMMA

Till recently, even able exponents were carrying on the controversy on planning and freedom in a partisan manner, where an apt epigram or a picturesque phrase counted for more than a serious argument.

"Public planning", wrote a typical contestant, "means that enterprise, labour, distribution must be strictly regulated. It means that one's chance to choose one's occupation must be reduced, since the plan cannot possibly be worked unless enough labour is directed into the occupation where it is needed, regardless of whether enough people want to do that kind of work or not. In the same way, hours, pay, conditions will have to be standardised. Strikes, as well as lock-outs, must become illegal. . . Ambitious people will not be at liberty to take chances with their careers unless the proper officials allow it. . . public authorities must take a larger and larger part in cultural activities if these are not to be allowed to languish."[1]

This line of emphatic and exaggerated argumentation is generally met by similar arguments from the other side. A random quotation from Prof. Laski serves as an illustration : "The alternatives before us are stark. . . . There is no remedy now for our ills save, with all its complexities, the planned production of our economic resources for community consumption. And it cannot be too strongly emphasised that those who seek the new social order are in this hour the soldiers of freedom. . . . A society like ours is incapable of security which, as this book argues, is

the basic condition of freedom. Not only so. The greater the effort to restore its security upon its present foundations, the greater the attack upon freedom that is involved."[2]

There has thus been a tendency to conduct the enquiry through striking slogans or picturesque polarisations, as the titles of some of the books show, e.g., *Liberty* versus *Equality, Plan or No Plan, The Road to Freedom, The Road to Reaction.*

The basic question is how to reconcile the long-term claims of economic planning with the short-term shifts in opinions and policies that characterise parliamentary democracy. The issue is significantly posed by Mrs. Barbara Wootton : "The dilemma that we have to resolve here is that economic planning demands *continuity*, and political democracy seems to imply *instability.* Nothing can alter the fact that we cannot both make effective long-term plans, and continually exercise the right to change our minds about anything at any time."[3] (Italics mine).

Theoretically, the dilemma is sharp; in actual practice, however, continuity and instability somehow manage to muddle along. While muddling along is always possible, it is unwise to ignore the wastage, stresses and strains involved, and it is necessary, in the interest of intellectual clarity, to resolve even the theoretical dilemma—only its resolution can give democratic planning the requisite confidence to meet the challenge of totalitarian planning.

Mrs. Wootton illustrates her argument by referring to "the most egregious example", that of housing policy in Great Britain in the nineteen twenties. Immediately after the war (of 1914-18), everybody was agreed that a great building programme was necessary, both to make good the arrears of the war years, and to clean up the slum areas. Yet during 1919-25, housing policy was made and unmade by three major Acts of Parliament, each modifying or revoking the substance of its predecessor, not to mention the series of scarcely less far-reaching administrative changes. In these conditions, it is not surprising that the number of houses actually built fluctuated violently. The Acts of 1923 and 1924 had provided for generous subsidies and had led to marked increases in building activity.

The 1924 Act made a bold attempt at long-term planning—it drew up a 15-year plan of housing. On the strength of the plan the trade unions had agreed to relax some of the restrictions on

apprentices permitted to enter the various building crafts. The Labour Government responsible for the Acts was soon thrown out and the Conservatives who succeeded revised the policy that led to the collapse of the 15-year plan. "There could not be", concludes Mrs. Wootton, "a better illustration of the destructive effect of unstable policies on stable planning."[4]

The recent nationalisation and denationalisation of steel industry in Great Britain lights up another facet of the intricate relations between economic planning and democratic politics. In Australia, because of its federal structure, and the balanced strength of Labour and anti-Labour parties in the States as well as the Commonwealth, a richer experience in this connection is available. There, for over two decades, this process of alternating nationalisation and denationalisation has been going on. After a comprehensive review, a recent author sums up the position as follows :

> "Labour Government have, in the past, made a number of ventures into fields of competition with private enterprise with the double purpose of forcing prices down by creating a yardstick by which to measure the efficiency and cost of private business and of establishing an educational example of socialism in operation. The record of these ventures is somewhat mixed. Many of them were very successful. Others were disastrous failures. Even the successful ones, however, were not allowed to continue for long after the Labour Governments which established them passed from office. They were sold out by the political supporters of private enterprise on grounds of general policy, that is, that the government should not enter into business competition with private persons."[5]

The author lists a number of concerns that notwithstanding their profits and utility were handed over to private enterprises. Progress in economic planning and socialisation takes place in Australia through the tortuous process of swings to and fro of the political pendulum.

Another authority has reviewed the developments in one of the States and has concluded that the success of government enterprises in Victoria has been directly proportional to the

degree of independence from political interference. And the failures due to political interference he attributes not to corruption or incompetence of politicians but to their weakness in the face of determined pressure groups urging that government enterprises be made to serve special interests. politics sometimes makes its way into smaller matters as well; and Eggleston gives a typical example of one of these. The Victorian railways wished to purchase and use a number of large freight cars, these being much more economical than small ones, but not so covenient to shippers of goods in small quantities. Opposition members suggested that it was intended to make the large cars the universal standard equipment and roused sufficient protest to defeat the proposal. On another occasion, a decision to make a general increase in fares and freights to meet an all-around rise in costs of operation resulted in the defeat of the government at the elections.[6]

The obvious practical difficulties in reconciling the claims of planning and of democracy are sought to be overcome through the organisation of new institutions free from the limitation and a deeper theoretical understanding of freedom and planning. It may be helpful to consider the second point first.

3. THE EMERGING NEW PATTERN

Democratically adopted change, it has been generally accepted, cannot be extremist; it cannot be so radical that the have-nots alone triumph, nor so conservative as to bolster up the vested interests of any privileged minority. "Reform as opposed to revolution looks to balanced progress and therefore derives its dynamic impetus from the middle groups in society."[7] Stronger the middle groups, and closer their agreement *inter se*, greater will be the dynamism of the impetus. History teaches that for accelerating the pace of reforms, opposition, from either extreme, has to be confined to the fringes.

Summing up this past experience, Mannheim was, however, constrained to observe in his characteristically incisive discussion of *democratic* planning. "At the same time the lesson of past experience has its limitations. The new reform policy can no longer be a hit-or-miss compromise on disconnected issues, but concerns the whole of society. Five or ten-year plans demanding

prior agreement not only on the starting point but on the sequence of subsequent steps have become the pattern of social change."

In his last great *opus*, Mannheim described with his wonted thoroughness what he has aptly called, "The Emerging New Pattern." The framework of the book, the outlines of the new pattern, is provided in the following extracts :

> "Contemporary democratic systems will be able to meet this challenge (of totalitarians) only if they discover new methods of creating a unified political will by voluntary agreement on the part of rival social groups. Either democracy must invent in the shortest possible time such new techniques, or some form of totalitarianism will win. . . .
>
> "The time has passed when political will can be spontaneously fused by public opinion. In order to achieve democratic agreement on long range issues today we are in need of a more elaborate method of consciously created consensus. Of course—and this will always distinguish Democracy from Totalitarianism—the creative force of Opposition must under no circumstances be suppressed. Constructive criticism, if anything, will become more important. But the *channels* through which it operates, the *form* in which it is presented, and the *time* at which it is aired may undergo a change. (Italics mine).
>
> "The new function of the Opposition' becomes clear if we compare the political with the economic order. The democratic system of the pre-planning period resembled in many ways the free market. Each group fought with a good conscience for its sectional interest, trusting that the uncontrolled interplay of political forces would eventually produce harmony. But just as large-scale organisation and vested interests obstruct self-regulation of the modern industrial market, so democratic societies cannot survive if their political parties stress competition at the expense of co-operation.
>
> "By contrast, Democracy in an age of planning is confronted with an almost paradoxical task. On the one hand, the dynamic and critical powers of the party system are to be strengthened. On the other hand, the parties must become

aware of their collective responsibility and of the limits to opposition within any comprehensive plan of social reform. "To command agreement, or at least 'loyal opposition' in the sense discussed, any plan has to fulfil certain objective pre-conditions :

"1. The plan must be consistent. Under simpler conditions incompatible political measures naturally caused friction. But adjustment was brought about by the spontaneous forces of every-day life. Now that we have to decide on mass problems such as stability of employment, social security, equality of opportunity, etc., in the context of a highly organised social structure, any friction threatens to become cumulative.

"2. The plan must be acceptable to a majority. As we have pointed out already such a majority can be found only in the centre, excluding both reactionaries who do not want to move at any price ('the *ideologist*") and radicals who think the millennium is just round the corner ('the *utopians*'). Naturally these centre groups allow for different shades of opinion. But it is in the light of these that co-operation on basic issues can be postulated. Whatever their differences on concrete issues they agree, on the one hand, on the direction of reform, and, on the other hand, on the peaceful method of change. Therefore, they should be able to compromise on any actual programme or, at least, to submit to majority decision.

"This does not mean that fundamental issues are to be dodged in public discussion. The contrary will be true if we think of election campaigns in a planned democracy. There the various parties will fight one another on the comprehensive issues of alternative plans and of alternative methods of realisation. Of necessity this will direct political discussions towards the fundamental problems of society. Such discussion requires great improvement in the political judgment of the average person and this is possible only if the issues at stake can be made comprehensible to him. Though expert knowledge in the technical sense cannot be

expected of him, genuine understanding of essentials is indispensable for the future voter. It is the task of political thinkers to reduce the complexities of the contemporary situation to such simple terms."[8]

Mrs. Barbara Wootton has developed the above ideas, has filled in some details of the emerging pattern, in her brilliant book. Some of the points made by her, in this connection, may be listed as follows :

1. In a complex society, where every social policy is bound to tread on somebody's toes or touch somebody's pocket, the elements of common good can only be defined in terms of common *agreement*, not of common *interest*.
2. Common good should not be identified with the social objectives of one's own particular sect or party. At any time the *common* good consists only of those social objectives about which there is *infact* genuine and general agreement.
3. The class structure has today become so complex, and there is such overlapping of interests that "for every class to have its own party we shall need, not two or three parties but dozens. . . . More and more, ours is a world of many little coteries, combining and recombining in complex patterns of harmony and discord; and less and less is it a world of large groups in clear and permanent conflict with one another."
4. The decay of enthusiasm for the established political parties is, in part at least, due to the fact that the traditional battle-cries no longer make sense in a world in which so many people are, so to speak, fighting on overall sides at once.
5. So long as political *tactics* demand that every disagreement should be exploited and magnified, and every agreement maintained and overlooked, so long must it be impossible to judge the extent of common opinion and so long shall we more disposed to under-estimate, than to exaggerate, the measure to which we are agreed.
6. What is a common agreement ? Mathematical formulae

are inevitably slippery. "Here, surely the practical test must lie, not so much in a matter of mere numbers, as in the opinion of organised political parties. In a political democracy, common agreement exists on those policies or objectives which every (democratic) political party will accept. Planning on the basis of such agreement is therefore only possible if the parties are themselves willing jointly to define the purposes which they have in common. This means a new kind of inter-party conference—or inter-party-leader conference—using the unfamiliar technique of searching for agreement, instead of magnifying differences. The purpose of such explorations must be strictly to define, not to belittle or to exaggerate, agreement. At any given moment agreement or disagreement are facts. Conferences to distinguish the controversial from the non-controversial should, therefore, be strictly fact-finding. It is just as important that controversy should rage unchecked about matters which are genuinely in dispute as that it should not be artificially inflamed, for tactical reasons, where differences are microscope or imaginary."

7. "It means that politicians must have the courage to admit agreement."
8. In social affairs the line between ends and means is not at all clearly drawn; it is by no means easy to draw. Practical politicians appear to trouble very little about the distinction with the result that attachment to a particular method becomes as passionate as devotion to the objective which that method is intended to promote.
9. The attempt to explore the range of inter-party agreement will lead to calmer and clearer thinking about the distinction between social ends and means, and to a much more experimental attitude to the choice of means.
10. Even in the new context, the opposition parties will have plenty on their hands. "Outside the field of agreement their role will remain just what it is today--the same offer of the alternative policies, programmes and personalities to the electorate, the same continued challenge to the Government in power. Further, even

> within the area of agreement, it will be the special responsibility of the Opposition to judge promise by performance, both as plans unfold from day-to-day, and on the occasion of periodic searching inquests."[9]

Other writers have not penetrated to the heart of the matter as Profs. Mannheim and Wootton . But they have stumbled on the difficulty, and have met it through pious generalisations. A typical instance is characteristically provided by an economist-politician, E.F.M. Durbin, the distinguished author of *Politics of Democratic Socialism.* In his study of planning, he observes : "The interests of all persons as consumers may be in conflict with the interests of particular groups of persons as producers. What is requisite for efficiency is that the interests of all should be served by a continuous process of concession on the part of particular groups. We must all mitigate our claims in order that others may mitigate their claims against us and that by compromise we may all live."[10] He, however, has no details to offer, no institutional framework to sketch, wherein the needed compromises might emerge as *a continuous process.*

4. PUBLIC CORPORATIONS—AN AREA OF AGREEMENT

Having considered the deeper theoretical insight that is being developed, let us review some of the institutions that may be expressing the new idea.

The growing practice of establishing by Act of Parliament, permanent or near-permanent, Boards or Commissions, is an effective way of circumventing the effects of political instability and of chronic antagonism. Its effectiveness is the direct result of its being largely taken out of the area of dispute and thereby maintain continuity of policy. Herbert Morrison, who has probably done more to develop such public Corporations than any other man, has said : "It is important that from the beginning the Public Corporation should be regarded by all, and should regard itself, as a public concern. Its first business is the competent conduct of the undertaking committed to its charge in public interest. It must feel that it is responsible to the nation alone, and that it cannot be the instrument of this or that private or sectional interest."[11]

The Corporation for its success must have corporate consciousness inside it as well as outside.

Originally, nationalisation was conceived of in syndicalist terms. The organised workers were to find direct representation on the Boards of Management. In 1932, the British T.U.C. had out-voted Morrison's opposition on this point. Experience has shown, however, that sectional representation weakens nationalisation. A comparison of the results of nationalisation in the same group of industries, *with management organised on the two alternate lines*, is possible when the recent developments in Britain and France are studied together. The verdict is decisively against the French method : "The tripartite conception of the supreme governing organ is an idea which originated in the world of organised labour. The C.G.T. formulated the principle on theoretical grounds, an alternative to *etatisation*, as long ago as 1920-21. It is the weakest feature of the French legislation and is a threat to the successful operation of the French nationalised industries. It is hopeless to expect unity of purpose, energetic administration, and a coherent policy to emerge from an assemblage of diverse and conflicting interests representing the worker, the consumer and the tax-payer. Frustration and deadlock, log-rolling and jockeying for position are much more likely to result from the juxtaposition of discordant elements. And this, according to most accounts, is what is happening. The money power has been replaced by party politics, rather than by a solicitude for the common good."[12]

Nationalisation, on the British model, removes, to a considerable extent, the industry concerned from the area of controversy, that is, converts it into an area of agreement. The Public Corporations thus constitute a new institutional expression of agreement and joint work that transcends politics of parties.

Nationalisation is removing various activities and services, like gas and electricity, from the control of Local Bodies to the control of Public Corporations. To that extent democracy in its classical form is weakened.

In trade unions too, a new pattern is emerging. The trade unions are generally conceived as organs of class interests and class struggle. With the growth of collective *agreements*, the attitude and responsibilities of the trade unions are basically changing. "From being champion of the workers, it must change

to acting as policeman for a joint agreement with the employer. This function is admittedly necessary, in the interest of the union and in the interest of the workers themselves; but it is not so popular, nor so satisfactory a role, as that of the champion of the oppressed."[13] The peculiar importance of nationalisation is that greater efforts at management-labour co-operation have been made, and far more elaborate machinery set up to foster co-operation in Public Corporations than was ever done in private firms. The chaste lines of demarcation and opposition between the trade unions and the management have got blurred.

It is interesting to note that originally the trade unions were arrayed in the same type of opposition against the management as two rival political parties. With the end of the syndicalist illusion, the fundamental difference came to the fore; the parliamentary opposition attacks the government in order to discredit the government and thereby to bring nearer the day when it shall be given the responsibility for doing better; the industrial opposition attacks the employer in order to force him to accept an agreement more favourable to its members, *for which it will take, along with the employer, a share of responsibility.* In nationalised industries, the agreements extend to many questions, and the *shared responsibility* becomes steadily larger.

If the Public Corporations are to work well, political parties like the trade unions, will have to learn to function differently. Already new attitudes have been created, and competent observers advocate further change. Ernest Davies, M.P. in his review of *Ministerial Control and Parliamentary Responsibility of Nationalised Industries* writes : "Admittedly, the difficult problem of ministerial responsibility and parliamentary control in relation to Public Corporations has not been solved. This requires a wider interpretation by ministers of their responsibilities towards the Corporations, a greater readiness to give information in Parliament, and an abandonment by ministers of their role of counsel for the defence of the nationalised undertakings whose boards they appoint. For its part, the Government must be readier to find parliamentary time for debate on the Public Corporations. It would probably be asking too much to suggest that Government and Opposition Parties should consider their duty to the community to consist in an objective examination of nationalised undertakings and to remove them from the field of political controversy.

Be this as it may therein lies the ultimate solution of this difficult problem."

All students of nationalisation are agreed on this point; the direction of the progress lies in limiting the area of controversy and discovering methods of widening agreements. Prof. Robson's brilliant and pioneering study discusses the progress of *Nationalisation to Socialisation* in the following terms: "Under socialisation, again, Parliamentary supervision would be expressed in less partisan terms than it is at present. Parliamentary questions, adjournment motions (debates on the annual report and accounts, resolutions to confirm or annual statutory instruments, would cease to consist largely of an eternally prolonged and irrelevant debate, in slightly disguised form, of the respective merits of nationalisation and capitalism. A much greater degree of fairness, objectivity, and good-will towards the undertakings would be perceptible in Parliamentary proceedings. They would engender more light and less heat. There would be more constructive proposals, more discriminating criticism, fewer speeches for the prosecution or the defence.''[14]

5. THE ILLUSIVE HYPHEN

Both a theoretical analysis of the relations between economic planning and political democracy as also the study of the new institutions that are being created, like the Public Corporations and the new trade unions, lead one to the irresistible conclusion of the need to conceive political work in terms of "areas of agreement" and "areas of dispute." It may not be easy to adjust oneself to co-operation in some spheres of activity and determined opposition in the other. It is quite possible that such dual attitude might fatally weaken the *sacro egoismo* of a group, class or a party. But it is the burden of our theme that the new civilisation developing around us demands such a weakening and the emergence of a new attitude capable of expressing itself simultaneously in co-operation and controversy in different spheres of thought and action.

A perspicacious writer once pointed out the difference between the Social Democrats and the Democratic Socialists in a striking way—the difference itself suggesting the evolution of half a century. The former believed that once the capitalist class was

destroyed or its power sufficiently curbed, a government of workers would naturally rule in the interests of the workers, and there would be no need for placing restraints upon that government. It would, in fact, become unnecessary and die away. The latter have come to believe that the dangers of power are so great that even when a socialist government is in office every opportunity should be available to its opponents to bring about its defeat—so long as they use democratic methods. This description, however interesting, does not express the full evolution in experience. If a socialist society is to develop democratically it is not enough to cherish the traditional liberties but it is imperatively necessary to discover a technique of political functioning where co-operation and conflict are not a pair of opposites but twin forces that have to function in widening or receding areas according to changing situations.

Such institutional explorations may be avoided in countries enjoying certain special advantages. Among the exceptions, New Zealand is the outstanding country. Her successful attempt "during successive decades to hyphenate the politics of democracy with the economics of socialism"[15] has flowed from three special advantages enjoyed. They are :

(1) The homogeneity of population that has conditioned to approximity the minds and mores of New Zealanders.

(2) Narrow and well-marked range of difference and wide areas of spontaneously accepted agreement. This aspect is well brought out by the historian of the country's development : "Politics in this Dominion are concerned with economic problems to the exclusion of almost all others. Social and moral issues, it is true, have all times entered into the field of party warfare, but none of these has ever dominated political controversy, except possibly the prohibition question—and this latter has economic implications because the liquor trade is a powerful vested interest. On matters of defence and foreign policy parties have seldom been in conflict, since an overwhelming public sentiment clung to the imperial connection. Race relations, likewise, have been relegated to the background. Neither the troubles in the administration of the Samoan Mandate nor the crisis of the Maori renaissance ever provoked serious differences of opinion between

parties. Only the economic issues have remained as the perennial battle-ground for politicians."[15]

(3) Party politics in New Zealand during the last fifty years have followed a well-defined trend; first the Liberals, then the Reform Party and later the Labour Party won popular support. "Each of the parties in turn has retained popular favour long enough to convert its programme into laws and its laws into administrative reality."[15] The reasons for this long and secure tenure is not hard to find. "Party stability has merely reflected economic stability; and the long-term character of economic changes made long-term ministry possible."[15]

The "adventure in democracy", as Lipson calls it, has succeeded not only because of homogeneity of the population, the inarticulate agreements, but also because of the discipline of co-operation in the midst of controversy that working in over 700 local bodies has brought to one and three-quarters of a million people.

The experience of New Zealand, from a different approach, but tresses our main argument. If we are to reconcile democratic politics with economic planning, not only it is necessary to explore the various possibilities of devolution of authority and decentralisation of initiative, in territorial as well as functional directions, but also to educate the people in the difficult art of simultaneously co-operating in some spheres and disagreeing in other. To what extent these changes alter the nature of political parties as such and how far the very concept of the State gets revised are wider questions. As Prof. Laski realised, no theory of the State is ever free from crisis. The reason is simple, and Prof. Laski offered it in the very first sentence of his *Grammar of Politics* : "No theory of the State is ever intelligible save in the context of its time. What men think about the State is the outcome always of the experience in which they are immersed."

"The experience in which men are immersed" suggests marked alterations in the classic contours of parliamentary democracy, even in countries that have cradled it. We have tried to focus attention on the theoretical considerations and practical experience that explain and justify the changes.

So far we have discussed the unfolding relationship between

democratic politics and economic planning in *developed countries.* The problem becomes much more difficult when we seek to "hyphenate", to borrow Lipson's beautiful phrase, "the politics of democracy with the economics of socialism" in an under-developed country like India.

There is an irrefutable substratum of truth in the Marxian proposition that the economic process tends to socialise itself— and also the human being. There is a discipline of development that makes the "hyphenation" comparatively easy. In the under-developed countries however the "compulsions" are stronger and stubborn. Prof. Josesh Schumpeter, in one of his major works, introduced a new distinction between "socialisation in a state of maturity" and "socialisation in a state of immaturity."[16] This distinction, though we are not discussing socialisation, is of seminal value to us. The concepts of "state of maturity" and "state of immaturity" can be of decisive importance. The distinction between developed and under-developed economy is more adequately brought out by the characterisations offered by Prof. Schumpeter.

All under-developed countries are not alike. Some have a high man-resources ratio, some have it low, some have homogeneous population, with what Wilhelm Keilhau has called "*the instincts of social integration*", and others have heterogeneous population with "*the instincts of social differentiation.*"[17] The task of reconciling planning and democracy is comparatively easy in the former countries and it faces added obstacles in the latter. The countries of South East Asia generally belong to the latter group.

In the developed countries the problem of the "hyphenation" is often posed as of *having together* economic security and individual freedom. In under-developed countries the question of economic security cannot arise, because security, on an extensive scale, can only follow economic development. In countries like India, the problem is of reconciling economic *development* with political democracy. Economic security offers direct and tangible benefits to the people while economic development of a backward country imposes strains, burdens and discipline. The two phenomena are therefore not on par.

6. ECONOMIC COMPULSIONS OF UNDER-DEVELOPMENT

In countries like India, economic development demands proportionately larger investments and as the productive base of economy has to be built up the period of sacrifice and austerity is likely to be prolonged. Side by side, there are social fissures that continually threaten to distort dynamic impulses. On both these scores, special pressures are exercised on the problem we are studying. As there are economic compulsions of under-development, which cannot be wished out of existence, so are there political compulsions of democracy. The two compulsions not unoften exercise conflicting influence.

Economic planning in a backward country is at once more difficult and urgent, difficult because of the lack of data, of trained personnel, of capital and above all of the *relevent know-how,* and necessary because the *entrepreneurs* lack ability and their default has to be made good by the state.

India is committed to economic planning, but there has yet not been the requisite clarity on the objectives, the internal co-ordination and its *liaison* with the politics of democracy.

Economic development as envisaged by the current Five Year Plan is of a modest character, it is more of a rehabilitation than a development plan. By 1956, the standard of life of the people will be very much the same as before the war, i.e., in 1939. The Plan thus seeks to provide the needs, at the prevalent standard of life, of the population that will have increased in the *interim.* Even such a modest plan, with the rate of development of just one and a half per cent per year, is facing, in the concluding half of the Plan period, a yawning deficit of Rs. 800 crores, or of two-fifths of the planned investments. If the rate of development is to be faster—and the Indian people are unlikely to be satisfied with the existing insipid pace—larger investments will be needed and the deficits will tend to become bigger. The deficits either have to be met through foreign aid or through increased taxation. A more rapid development will demand additional capital resources.

For a big country like India, with her vast and growing needs, foreign aid can scarcely be the mainstay of development. The resources have mainly to come locally.

Taxation in India absorbs between seven to eight per cent of the national income. For adequate expansion of *development* and

welfare activities, it has been calculated that 35 per cent of the gross national income has to be in the hands of the government. Would any government dare to raise, in its tenure of power, taxation four to five-fold ? A reluctance to raise the revenues will mean either slowing down the *tempo* of development or resorting to inflationary finance with its attendant social unbalance and discordance.

There are other, though less obvious, difficulties.

The pace of development depends upon the proportions of the increase in national income, from year to year, which can be ploughed back into investment. "The larger the proportion of the increments to national income that can thus be ploughed back into investment, the greater is the pace at which development can be accelerated."[18]

Much of the investment, as we shall see later, has to be in the primary sector. There the period of *waiting* or *maturing*, is short and the increments in income emerge sooner. These increments however are scattered among millions of primary producers and no easy method is available of scooping away, for ploughing back, the increments in the incomes of millions of small producers. River dams would provide irrigation facilities to a large number of peasants. Can additional revenues be raised from them that would absorbs substantial proportions of their increased incomes ? If it is attempted, the peasants incentive may weaken, and there might also be political complications such as loss of popular support, i.e., votes; if it is neglected, the pace of development must slow down.

The other difficulty is hinted at by the Planning Commission. "In other words, such a programme for stepping up capital formation calls for *sustained* austerity rather than any excessive degree of privation and suffering."[18] Again, the question is simple. Will it be possible to persuade the people to accept, in the midst of *development*, sustained austerity, at least a near-freezing of the prevailing standard of life ? Will the people turn a deaf ear so the appeals of those who would like to divert to *present* use greater proportions of the increments in income and thereby raise the current standard of living ? Can a political party function on the basis of near-freezing the present living standard ?

It is not only as *citizens* that the people have to exercise self-restraint and understanding, as *consumers* too a similar discipline

has to be evinced in order to permit production to develop according to plan. In unplanned economy, the consumer is supposed to be sovereign. The following quotation underscores the sovereignty and explains its working : "Consumers control production by their money votes. This is a democratic means of determining what is to be produced. In the domain of commerce, every human being has a vote which he exercises every time he makes a purchase. No one is disfranchised on account of age, sex, race, religion, education, length of residence, or failure to register. Everyday is election day. The buyer casts his vote wherever he goes. The votes are counted at once and with few errors; the cash register is more dependable than the ballot box. Those in-charge of the polls are dependable, too, for since they are seeking profits, it pays them to have prompt and accurate records. Moreover, minorities count. In fact, the price and profit system very nearly attains for economics the ideal that is sought for politics by the advocates of proportional representation. Minorities that are so small as to be insignificant in national and even in local elections, direct production according to their wishes. Technical books, works of art, surgical instruments, and other items that literally fill many volumes of trade manuals, are regularly produced in response to the money votes of fewer than one-tenth of one per cent of the voters."[19]

Will the consumers agree to divert, for a fairly long period, a steadily increasing proportion of their money-votes to the purchase of production goods that would yield benefits only after a lapse of time ? Will there not be a tendency to prefer spot benefits to future advantages ? Does adoption of planning, by itself, eliminate the telescopic handicap from which the consumers suffer ?

The essence of economic planning lies in channelling the money votes. Suitable checks, controls, institutions, blue-prints have to be created to achieve this direction of purchasing power. Economists have worked out a variety of ways and relationships whereby the money votes can be cajoled and coaxed into the desired channels. It is our contention that as consumers' sovereignty has to be trained, so also will the citizens' sovereignty have to be trained. Suitable institutional devices have to be worked out, necessary conventions fostered, to enable the citizens to exercise their democratic rights with the responsibilities that claims of development impose. This aspect of economic-political

relationship has remained in the deep twilight zone of obscurity.

It has been widely recognised that in countries like India that are short of the inert resources like *land* and *capital*, development depends on the effective mobilisation of manpower, that is on the full use of *labour* through appropriate patterns of *organisation.* Naturally, the mobilisation of labour, because of lack of capital and land, will be on a fairly low level of technique, and the organisation therefore will be essentially broad-based and democratic. Such co-operation and drive at the grass-roots level cannot come without faith and hope, i.e., enthusiasm. Popular enthusiasm is essentially the crux of successful economic planning in a backward country. Prof. Arthur Lewis, in the appendix, *Planning in Backward Countries*, of his book, has spotlighted the fact :

> "It can thus be seen that planning in backward countries imposes much bigger tasks on governments than does planning in advanced countries. The government has to do many things which in advanced countries can be left to *entrepreneurs*. It has to create industrial centres, to put through the agricultural revolution, to control the foreign exchanges most strictly, and in addition to make up a great leeway of public service and of ordinary economic legislation. And all this has to be done through a civil service that is usually much inferior to that of an advanced country. Why then do backward countries take more readily to planning? Because their need is also so obviously much greater. And it is also this that enables it to carry on in spite of error and incompetence. Foı, if the people are on their side, nationalistic, conscious of their backwardness, and anxious to progıess, they willingly bear great hardships and tolerate many mistakes, and they throw themselves with enthusiasm into the job of regenerating their country. *Popular enthusiasm is both the lubricating oil of planning, and the petrol of economic development—a dyamic force that almost makes all things possible.*"[20] (Italics mine).

How is enthusiasm to be generated? In totalitarian countries it is achieved by a shrewd combination of a movement for social change, enforced agreement and an atmosphere of unanimity which is facilitated by directing attention on an external enemy,

and its internal allies, clandestine or open. In Communist China, the "lubricant" and the "petrol" are drawn from land reforms, integral control including "brain washing" and anti-Americanism including its internalised expressions, such as *anti*-three and *anti*-five agitations.

Democratic India has no use for what the Italian jurist Alfredo Rocco was the first to call an "*integrale et totalitario*" State, nor does she want to unleash a hate-hysteria. Is there no humane and generous way of evoking enthusiasm ?

Before this crucial question is answered it is necessary to refer briefly to the social fissures in a stagnating economy in society like that of India's and to the difficulties of development that are covered up and not solved even in a totalitarian state. These difficulties, in the prevailing context, tend to become more obstinate through the democratic set-up wherein they have to be met and resolved.

7. THE SECTOR THEORY OF SOCIETY

The problem of economic development has often got blurred by the over-attention given to general theories and their corresponding ideologies of capitalism and socialism. A fruitful discussion of the development cannot take place if the *process* of growth is not analysed.

Recently, attention has shifted to the relationship between different areas of economic activity. Mrs. Ursula Hicks wrote : "In a democracy, as usually understood, the State (which term is a convenient shorthand covering both major and minor governing bodies) is a particular part of the nation's organisation. In its economic and financial aspect it may conveniently be referred to as the 'Public Sector' of the economy, a term which is then contrasted with 'Private Sector' comprising the social and economic activities in pursuit of their individual private aims."[21]

This distinction has been assigned focal significance. Wilhelm Keilhau builds up a theory on this distinction when he writes : "It is just this separation between a Public Sector and a Private Sector or, to express it more exactly, between Public Sectors and Private Sectors, which essentially distinguishes an individualistic from a socialist community. We will, therefore, use the expression *the sector theory of society* to denote in a positive way what is

common in all non-socialist doctrines, and regard any non-socialist organisation of a State as a Sector Society."[22]

This, to my mind, is missing the wood for the trees. The distinction between public and private sectors is important but not crucial. Even if the whole economy is taken over by the State, the conflict of sectors would remain. It is true that in what is popularly known as mixed economy, the adjustment of public and private sectors is an important aspect of planning. But their adjustments can be viewed as a special case of the co-ordination of various sectors. There is the agricultural sector, and the industrial sector; in the latter there is the consumers goods sector and the producers goods sector. There are various other sectors and sub-sectors depending upon the distribution of ownership, levels of techniques, nature of goods, and their durability. The quintessence of planning lies in adjusting the rival claims of the sectors. In Soviet Russia, for instance, before the landed estates were broken up, the estates produced surplus of grains for market. With the break-up of the estates, the peasants refused to market the produce unless consumers goods, needed by them, were supplied to them in return. The fabrication of producers goods needs savings and investments and the peasants preferred to curtail their production rather than provide for such savings. Stalin solved the dilemma by collectivisation and mechanisation of farms, where the peasants were made dependent on the State for their means of production, that is, where the peasants were proletarianised. Not only the charges for services rendered to the farms by the Machine Tractor Stations, but taxes in kind and the charges of the milling industry, also State-owned, divert to the Planning Authorities the surplus needed from agriculture for development plans. Likewise, in other spheres too, processing was transferred from home to factory by forcing consumers to purchase goods in more processed stages by either price manipulations or outright controls.[23]

In the USSR, in the industrial development, to divert resources to the manufacture of production goods, the increase in the level of prices in the two rival sectors, of producers goods and consumers goods, was markedly uneven : three times in the case of the former and twenty-two times for the latter, during the period of 1928 to 1942.

The recent developments in Hungary and other satellite

countries shows how small business wreaks its revenge. It will survive with great persistence in such fields as retail trade and service industries. As against that there is tendency of State trading squeezing out even the co-operative trade. Between 1934 and 1936, in the Soviet Union, the proportions of State and co-operative retail trade changed from 59 : 41 to 74 : 26. "The desire of nationalised industries", observed a Soviet apologist, "to establish their own system of distribution is easy to understand. The industrial combines considered it a waste of effort to hand over the distribution of their products to co-operative societies."[24]

Among the innumerable instances of squeeze resulting from higher technological level, one might cite the experience of American farmers in the early thirties. A price squeeze was put on the farmer : as he entered the slump, the wholesale price of mechanised farm equipment dropped only 15 per cent while production was cut 80 per cent, but the prices for farm produce dropped by 63 per cent while production was cut only 6 per cent.

There are other aspects of the conflict of sectors. India is committed to the development of small industries, revival of handicrafts and support to artisans. The obvious industry to develop on these lines is the one producing a commodity of universal use—*cloth.* Notwithstanding our two million handlooms and powerlooms, their idleness has been preferred to the obsolescence of the mills. Rationalisation of big textile plants gets precedence over the claims of decentralisation of the industry.

Certain industries, such as iron and steel, have to be developed to the highest pitch of technical level. They, however, exert pressure on the economy and disturb the precarious relationship with, say, the handlooms or peasant farming. It is the failure to work out a desired pattern of relationship between various sectors that makes the current Plan so inherently unstable.

The conflict of sectors is possibly more stubborn than class conflict. In totalitarian countries it is sought to be resolved through trial and error, purges and terror, persistence and resistance. In democratic countries every sector tends to become a pressure group, a lobby influencing policies and decisions. "Democratic group organisation might degenerate into a mere rivalry of selfish pressure groups without social understanding or responsibility. In this case the difficulties and dangers involved

would be no less serious under social control of economic life than they have been in a strictly competitive economy. The pressure groups may force the controlling agencies to spend much of their effort, not on building up efficient economy, but in warding off group attempts towards a one-sided monopolisation of resources or policies. Inevitably these agencies will have to disregard some of the group demands in the interest of an integrated national policy, but they would, at the same time, be exposed to political pressure that would make such independence difficult and costly. In short, the combined pull of pressure groups in a multitude of divergent directions would threaten to tear national policy apart just as it does today (under unplanned economy)."[25]

Lauterbach's solution for this difficulty and danger is the development of "areas of agreement," which phrase of *his*, he concretely explains thus : "the way in which this is done is to pin down the opposition to the extent of tolerating the general plan of the progress at least and, in some cases, to let the opposition make an active contribution to the initial formulation."[25] He also hopes for well-directed civic education.

In the absence of such deliberately organised safeguards, group pressures might be mobilised and directed as a part of the politics of opposition. When an economy is sought to be transformed, the disturbed and the dissatisfied are many. To gain their support becomes an irresistible attraction to the opposition.

One aspect of Soviet planning is of vital significance in this connection. That is the role of the turnover tax. "In Soviet Russia one tax, the turnover tax, plays an important part in the working of planning. By this tax retail prices are raised very considerably above the cost of production. The margin between cost of production and retail price is determined by budget requirements for armaments, social services and education on one hand and by the proportion of national income which the Government desires to devote to new investment on the other. The turnover tax tends at the same time to adjust the aggregate purchasing power of the population to the supplies of consumers goods available. By lowering this tax, which is paid by every Soviet enterprise, whether producing goods or trading in them, the authorities can increase the sale of goods when stocks tend to accumulate, or *vice versa* . . . . The rates of the turnover tax are constantly changed, but they remain extremely high. They vary

according to the kind of commodity, its quality, the status of the producers and the zones and districts into which the country is divided for the purpose."[26]

In a democracy such a use of the Sales Tax is inconceivable, nor is it easy to reconcile public opinion to controls and restraints necessary in planning with scarce resources. The fact, however, remains that purchasing power has to be directed and drained and some controls organised. Against the cruder means of the totalitarians, refined means will have to be developed by the democrats. Part of the difficulties can be overcome by fostering an informed public opinion, though far more will be achieved by re-orienting the techniques of planning to suit the needs of a democratic society. The re-orientation will not be achieved unless simultaneously political functioning is reviewed and revised.

For any democratic government in an under-developed country, there is always the danger of its efforts at development getting frustrated for lack of understanding and co-operation. That means, it will always be oscillating between ineffectiveness and indifference to public opinion. This danger can be overcome only by a serious-statement of the processes of planning and of democracy. This is a task which no democratic government, irrespective of its ideology, can escape.

8. PROBLEMS OF SOCIAL IMMATURITY

In a country like India, there are deep-seated social fissures: during the long period of economic decay and social stagnation the loops of loyalty have progressively narrowed. The problems of economic development are at once unfamiliar and intricate, particularly in an underdeveloped country. While few men have the patience and the skill to ponder over increasing the *size* of the take, attention easily turns to its *slicing* up. Where educational facilities, jobs and promotions are all limited, a constant tussle goes on in their distribution and sharing. To no small extent the exacerbation of communal feelings, which finally led to the partitioning of the country, was caused by this scramble over limited opportunities. In South India today a similar contest goes on between the Brahmins and the non-Brahmins. Plans for expanding educational facilities receive hardly any emotional response, but mutual recrimination and plans for elbowing out one another

evoke frenzied enthusiasm.

Similar unhealthy feelings have grown up between the various language groups. Tussle on some obscure area, like Dang, assumes big proportions and the fabric of goodwill gets torn up in no time. Even in matters of human distress like famine, linguistic jealousies operate, and the voice of India not unoften gets muffled and lost in strident provincialism.

Linguistic *irredentism* has led to a scramble : the limited resources of the country are to be pushed and pulled by the linguistic lobbies. In composite states, different language groups harbour suspicions, each feels that the burdens fall on it, and the benefits flow to the other. Within the same language group, sub-language feelings are slowly being aroused and economic hardships provide an easy opportunity to whip up a new *irredentist* emotion. The incipient conflict between the Sircars and Rayalaseema in Andhra, and the slowly developing demand for a Maithili State in Bihar are cases to the point.

The absence of cultural homogeneity and the lack of social mobility, two serious defects, become sources of social tensions when economic changes remain tardy. India may or may not be, as some critics have maintained, many countries packed in a geographical receptacle, but she undoubtedly is a place where many centuries jostle together. Side by side in our country, especially among the Hindus, wide educational and cultural differences exist—differences that get accentuated by the rigid caste barriers—the social life is cut up into many enclosures and thought, reared on such foundations, gets fractured into particularisms.

Generous and universal impulses develop often. India, in the last hundred years or more, has experienced wave after wave of renaissance. The renaissance however got weakened, the waves broke up into spray, because of the pervasive social stagnation. Generous impulses find themselves baulked and tend to flow into channels of castes and communities : charity, social service, reform all tend to get *refracted* through the solid and pervasive barriers of castes, communities and language groups.

Then again, it is necessary to remember, that the limited economic development is mostly "coastal" and is achieved at the expense of the "hinterland." Industrialisation of Bombay or Calcutta has depressed vast sectors of economy and ruined vast

segments of community. The caste system cushions certain favourably placed castes and makes others more vulnerable. The Scheduled Tribes and the Scheduled Castes, for instance, have suffered more than others, because social considerations heap harder and harsher burdens on them.

Uneven development of different castes and communities and the dissimilarity of their response to new ideas and pulls have brought into being a heterogeneous society.

Today, we know that human conduct and personality depend to a large extent on social institutions. "Their disintegration," as Mannheim pointed out, "means disintegration of personality."[27] Where the institutions get corroded, personality shaped in their context of activity becomes disorganised.

The old caste system has lost its *rationale*, but it carries on; the result is that group loyalties, narrow allegiances, caste consciousness suck away social energy and strive to gain respectability by flaunting the colours of *pseudo*-radicalism.

Casteism, linguism and communalism add to the usual tensions of society, between rural and urban areas, between "the aristocracy of the illiterates" and "the arrogance of the educated," between the "haves" and the "have-nots." Some political parties, openly and unashamedly, draw their strength from casteism, linguism and communalism. Others slide into these traditional grooves and allow a major divergence to emerge between proclaimed objectives and the accepted practice.

The results are obvious :

(1) No political party, irrespective of its national, secular or egalitarian policy, develops the strength to fight effectively casteism, linguism and communalism. The social energy behind a party's programme is often mobilised through the acceptance, often covert, of the traditional and particularised loyalties. The social evils in India escape *direct* attack. It is no accident that the Hindu Code Bill finds only occasional political champions, and a common Civil Code, cutting across communal particularisms, receives no influential support in political life. Nine out of ten Indians disapprove of linguistic fanaticism, but they are all dragged behind the determined tenth.

(2) In India, nationalism continues to be deeply coloured by religious feelings. Even where caste and communal considerations are not decisive, political efforts often slide off imperceptibly into the traditional grooves. In elections, political parties might choose their candidates and organise their campaigns in a national manner, but there is the constant danger of the traditional forces asserting themselves. *Special precautions will have to be taken, and certain, safeguards worked out, on inter-party basis, to maintain the new standards.*

(3) Often efforts for gaining advantage for a caste, a language group or a community are exalted to the plane of some general principles, and conversely noble endeavours get discredited as efforts to gain sectional advantages.

It was Graham Wallas who referred to the operation of the Gresham's Law in politics. There is, according to him, a firm tendency in politics for bad ideas, policies, men to drive out good ideas, policies and men.[28] There is a similar tendency for old and traditionalised values to drive out, directly or obliquely, new and difficult values. Democratic habits do not come naturally; to create such an *ethos* in society, special and sustained efforts have to be made.

Economic backwardness provokes social stagnation and that, in its turn, makes the task of economic development difficult. It is for this reason that leaders like Sun Yat Sen favoured a period of trusteeship, and many Western Socialists are enamoured of the "liberating influence" of Leninist dictatorship from "local enslavement" for backward people.[29] If we reject totalitarian compulsions, some new force, fostered by conscious efforts and agreement, need to be created to fight the grip of "local enslavement."

In an under-developed country not only the economic pre-requisites of developments are "immature", but socially fractionalism and particularism get easy ascendance. The tendency to compromise with acknowledged evils remains strong. In the early years of our national movement, political extremists, like Tilak, ignored the claims of social reforms, and reformers, like Ranade and Gokhale, virtually gave up resistance to foreign rule.

Each felt that such a compromise made his efforts in the chosen sphere effective, perhaps decisive. It was left to Gandhiji to show that a multi-pronged attack actually strengthens the forces and furthers the movement. He however, could do it because broad-based national sentiments had been developed in the meantime. It is these sentiments, as also his towering stature, that enabled him to challenge orthodoxy on the question of untouchability without jeopardising his political leadership.

In India, multi-pronged efforts are needed. As there is now no national movement and no Gandhi, the efforts will not be easy. No political party, for instance, will be able, *by itself*, to seriously advocate family planning. Such reforms, including many needed to overhaul not only the Hindu society but Islamic and other communal life, cannot be attempted except by agreement between parties. Social reforms is the passion of the few, social apathy is the habit of the many. The irrepressible few do not form the exclusive vanguard of any *one* political party. Special understanding and conventions will be necessary to make *effective* social reforms politically possible. Paradoxical though it may sound, the fact remains that the more social reform is taken out of party politics the greater will be the power of political action to achieve social reform. Orthodoxy can be fought only through conscious effort at building up a liberal consensus of opinion.

Against the enforced compulsions of the totalitarians, democrats have to develop compelling agreements, against the knotted whip there has to be the plaited understanding.

9. ACCENT ON SOCIAL CHANGE

A backward economy cannot develop fast and maintain a democratic character without a determined policy of social change. If men's minds are to move in new channels, new hope and assurance must come to them. Awareness of change, of its *obvious* unfolding, is necessary to impart the needed drive.

Two fundamental changes are necessary; *one* in the direction of economic equality and the *other* in the direction of social mobility.

The long process of economic decline, and later of lopsided development, have affected different sections unevenly. In some cases social stratification has been worsened : there has been a

decline in the status and economic position of many groups. The following table shows how millions of men, belonging to the lower castes have been pushed down the ladder : (For table see next page).

The table shows that very few have risen above their traditional occupations, the majority have been pushed *out* and pushed *down* their ancestral occupations, only a minority has been able to cling on to the old forms of life and work. For every 100 persons who have clung on to traditional occupations, 201 have been pushed down, while those who have climbed up would be a mere fraction of 1 per cent.

The Adivasis, for instance, live in constant fear of encroachments on their economic rights and folkways.

If economic development is to get the co-operation of all, particularly of the poor and depressed, a policy of social change, of not merely safeguarding the interest of the depressed and the dispossessed but of opening up opportunities of advancement to them must be pursued with firmness.

Economic development will demand co-operation and sacrifice from all elements in the society. There will be obvious reluctance to make sacrifices until the vast majority is convinced that the privileged minority has shouldered more than its proportionate share. Incentives for the well-placed and austerity for the poor can never go together. Likewise, rewards and functions should not be separated. A constant approximation to economic equality is necessary to evoke general response to the strains of development.

Foreign aid does not enable us to bypass the need for structural social change. Daniel Thorner's observation, in this connection, is of persistent relevance : "The technical know-how and the proffer of limited amount of capital on special conditions, seem peripheral rather than central to India's basic problems. India's two principal needs at present appear to be : (1) for the peasantry, a basic transformation of these agrarian institutions which shear them of hope and keep them stripped of resources; (2) for the townsfolk, an altered industrial framework in which the control of the large combines by a few tiny family groups is sharply modified. Without these two internal pre-requisites, programmes of outside assistance can have only limited effects. There may be some development, it is true, even if these basic

TABLE

Caste, Tribe or Race	Traditional Occupation	Total number of workers in the Caste, Tribe or Race	Workers Engaged in Traditional Occupation	Workers Engaged in Exploitation of Animals and Vegetation	Percentage of Col. 4 to Col. 3	Percentage of Col. 5 to Col. 2
1	*2*	*3*	*4*	*5*	*6*	*7*
A : 1. Chamar	Skinners and Tanners	6710365	1199732	4028941	17.8	60.0
2. Nayee	Barbers					
3. Bhangi	Scavengers					
B . 1. Khatik	Pig Breeders	2599436	674853	1141698	25 9	43 9
2. Gujar	Herdsmen					
3. Teli	Oil Pressers					
C . 1. Pinjara	Cotton Carders	2827147	959194	1110094	33.9	39.2
2. Darzi	Tailors					
3. Momin	Weavers					
4. Dhobi	Washermen					
D : 1. Kumbhar	Potters	1045920	392362	400278	37.5	38.0
2. Od etc.	Earth Workers					
E : 1. Barhai	Carpenters	1797697	772985	416496	42.9	23.1
2. Lohar	Blacksmiths					
3. Sonar	Goldsmiths					
Total Including Non-cultivating Castes		16650410	4487538	8043375	26.9	48.3

domestic changes do not occur. Nevertheless, the underlying difficulties will persist."[30]

Prof. Whitehead in his discourse on "the Rhythm of Education" talks of three stages, of romance, of precision and of generalisation, as forming a part of the cyclic processes of education. The stage of romance, of first apprehension where the subject-matter has the vividness of novelty, "of unexplored connections with possibilities half-disclosed by glimpses and half-concealed by the wealth of material", must necessarily precede, argues the Professor, the stage of precision, of grind and grammer, if it is to succeed and lead further.[31] In economic development too, it is our contention that, a similar rhythm exists, where the same sequence of stages prevails. The "grind and grammer" of development will never be accepted until it is preceded by, is lighted up with an understanding of "romance"—the romance of social change. Shared objectives, felt experience about changes in stratified and stagnant society impart the strength and ramified support needed for undertaking the more difficult tasks of economic development. The stresses and strains will be accepted to the extent the *feel* of change is widely shared and experienced. What part the stage of romance plays in the rhythm of education, the accent on social change plays in planning for economic development in democracy. Prof. Whitehead, in discussing education, speaks of "the criterion of difficulty" and argues that "it is not true that the easier subject should precede the harder, on the contrary, some of the hardest must come first."[31] This "miracle" becomes possible because there is the initial stage of romance, of ferment which precedes "the acquirement of precision, and the subsequent fruition."[31] In economic development too, the stage of fruition and of precision that precedes it are possible only if they have been preceded by the stage of ferment. The ferment is of hope, of new experience, of the feel of social change. Hence, the seminal importance of accent on social change. It is foundational, without it the future growth is cut-off.

10. "THE PLURALIST REVOLT IN POLITICS"

Political democracy and economic development demand constant effort at well-marked divisions between areas of agreement and of dispute. Democracy needs the latter and development

demands the former. In certain periods and phases, the emphasis might move from one to the other, but in the general perspective the two have equal, or balanced, significance.

Such a development however is not easy to bring about. It has to be consciously attempted, for there is a constant tendency for a group ego to become all-pervasive and overarching. Therein lies the root of the mischief. When Muslim communalism was on the ascendence, or rather on the offensive, its consciousness sought to seep into, and seize for its ends, every branch of activity : sports, business, neighbourhood groups, welfare activities, all were organised on the *exclusive* basis of Muslim brotherhood. All other ties, other social *nexus*, naturally persisted, but they were drained of meaning, of any vital, emotive power. What was done successfully in the case of a community —of exalting the communal sentiment above all else—has been done, though not with the same effectiveness, in the case of certain castes, particularly the depressed castes, such as the *Mahars* in Maharashtra. In such diverse spheres as trade unions and politics, the caste solidarity became the focal point of organisation. In both the cases chrismatic leaders like the *Qaid-e-Azam* and Dr. Ambedkar made the emeigence of total allegiance easier.

This tendency is noticeable in other activities and countries. Trade unions, even in a country like the United States, have been spilling over their normal sphere of activity into innumerable other areas : education, recreation, holiday homes, political opinions and orientations, local bodies and in some cases even the responsibility of keeping *employers* in business—these areas are being annexed as side activities of trade unions.

There is thus a tendency in *every group* to become sovereign. Democracy, with its delicate adjustments, gets out of hinge unless the instinctive aggressiveness of groups is checked.

What is true of other groups, is true of political parties. They too strive to seep into other activities and organisations and to use them for their own ends or rather aggrandisement. As every group has its legitimate bounds, whose overstepping weakens other groups, so has a political party its limits which need to be recognised for free and balanced life.

Organisations established for specific (and therefore limited) purposes develop strength that may be diverted to other,

unconnected ends. The reservoir of energy can be directed to even illegitimate channels. Political advantages may be gained through the control of a trade union or a students association or even a welfare activity. If *one* political party seriously tries this, others follow suit and activities get splintered up along party lines. Constructive work then becomes mere *satellite efforts* of different political parties. As a result, political divisions get sharpened, political loyalties get hardened. If the process is allowed to run its full course, it must lead to the dictatorship of one over the many, or to a general disintegration caused by the attrition of the many seeking the same self-defeating end.

Maximum social energy, in fact, is generated for economic development and social advance when the autonomy of various activities and organisations is respected. A person expresses himself through activities and organisations. It is therefore clear that as far as possible no major activity or organisation should be treated as a means but as an end in itself. That is an obvious implication of the Kantian imperative.

Can political parties accept such limitations and survive? That depends on the temper of the people. In Weimar Germany no political party's set-up was complete without its private army. In most democratic countries, storms-troopers, as a part of the accoutrement of a political party, are firmly disfavoured. If popular understanding is educated to demand further limitations of the power of political action, the spilling over by political parties into other activities and organisations would be considerably reduced. *Such an education would be facilitated if democratic parties agree to limit their areas of operation, or in other words, to seek areas of agreement that becomes "out of bounds" for party politics.*

Before the analysis is carried further, it must be pointed out that parties like the Communists, whose sole purpose is to destroy pluralism and thereby build up totalitarian control, run counter to the very fount of our theme. As there can be no understanding between the neck and the noose, so there can be no exploration of areas of agreement with the Communists. Politics of pluralism can develop only between democratic parties.

It is obvious that constructive activities should be taken out of the arena of party politics. Youth movement, with its complex of sports, hikes, cultural activities; students' organisations,

tions, rural development work, particularly on the village level, co-operatives, social education, are among the activities that need not be divided on party lines. Here, surely, all can come together and work together. There are no distinctive party patterns in these activities, except those created by devotion and efficiency, which are not the exclusive attributes of any *one* party.

Such activities have to be organised in a manner where their development is the sole objective, where none strives for political gains. This limitation has to be accepted especially by the party in power because only its willingness to withdraw from positions of party advantage in the constructive field will evoke confidence and ultimately prove contagious. Party rivalry, or communal or linguistic rivalry in constructive activities fatally divides initiative, weakens efforts and saps enthusiasm. Each activity has a discipline of its own, each activity can articulate an appropriate organisation, all that is needed is that men and women come together in their pursuit without previous commitments, without overt or covert mandates controlling them.

To de-politicalise certain activities is the beginning of democratic planning.

About other activities and policies, efforts should be made, wherever possible, to develop methods that might foster co-operation; where the points of view are sharply divided, the opposition needs to be firmly brought out. Democratic politics should never mean sloppiness or spinelessness.

That under totalitarian control differences disappear is a false notion. That the Soviet State is not, and can never be, monolithic has been decisively shown by Barrington Moore's scholarly analysis in *The Soviet Politics : The Dilemma of Power.* Differences on politics there work out as conspiracies and treason trials. In democracy, the controversies are resolved in simpler terms and on the humdrum plane of speeches, agitations and ballots.

There is another aspect of political despotism that needs to be underscored. "Of the two evils, political despotism and economic insecurity, the former is the more hopeless case. Since the masses were given political rights, they have always tried to use these rights for their economic benefit. Although they have made many mistakes in the course of these attempts, they did build up protection against the worst hardships of the competitive

struggle. Thus the man who possesses the right of free citizenship has the weapon with which to work for economic security, but he who is fed by a dictator as long as he obeys orders does not find any means in the economic system to fight for political freedom; on the contrary, the threat of being put outside the pale of economic security is an additional weapon against a rebel."[32] The fundamental sterility and complexity of totalitarianism have to be measured against the more advertised shortcomings of democracy.

Joint, or de-politicalised, effort need not be confined in a democracy to constructive activities. Any wider activity can be so organised. As a matter of fact, Sir John Orr, for instance, had suggested, in his *Fighting For What* ?, the establishment of a National Food Board, charged with the duty of bringing a sufficient diet within reach of everybody's pocket in the United Kingdom. A similar model has been recommended to organise production of any goods to which a considered plan had assigned priority.

In India, too, a similar approach was advocated by the Congress Agrarian Reforms Committee. It recommended maximum possible de-politicalisation of land administration. "We do feel that unless the Land Commission is assured of administrative autonomy and unless it is dissociated, to a large extent, from the vicissitudes of political fortunes and the freaks of a minister there cannot be any continuity in planning." (p. 79)

In a comprehensive study, published in 1937, on *Planned Society*, in the chapter on "Political Consequence of Planning", it was said, "Radicals or Conservatives now agree on the need for placing the management of public undertakings upon a purely functional basis, which reduces the role of Parliament or of any other representative body to a *distant*, *occasional*, and *indirect* determination of *general* policy. This conclusion may be far-reaching, but it is by no means far-fetched."[33] (Italics mine)

Later years have made this generalised approach precise. In the United States, the most significant experiment in regional planning was begun in the Tennesse Valley, an area of 41,000 square miles, with two and a half million inhabitants. Under the T.V.A. Act of 1933, the Tennessee Valley Authority was set up for multi-purposes planning. "To sum up the aims pursued by establishing the T.V.A. as a public corporation it was desired,

first, to exclude politics and partisanship in the conduct of its business. . . Secondly, the Authority was to have flexibility. . . thirdly, continuity of its policy and activity."[34] But how was its functioning to be made democratic? The T.V.A. was so designed[35] as to permit the Authority "*to make its decisions in the field*, close to the people and their problems. It is in the field that adjustments and modifications adapting the Federal programme to meet the actual needs of local situation are more readily developed : it is in the field that citizen participation can be enlisted. The power to decide in the field is, I believe, the heart of any decentralised programme, the quality without which there can never be an administration at the grass roots."[36] This flexibility in the field was worked out by exploring "how far a Federal agency can take local and state instrumentalities into active partnership."[36] The T.V.A. had "no power or desire to impose from above a comprehensive plan for the social and economic life of the valley." Its programme is worked out through innumerable *agreements*, entered into as contracts between the T.V.A. on the one side, and local and functional bodies on the other. In 1939, for instance, electric power generated was supplied to 3,25,000 customers through one hundred municipalities and co-operative associations. Some two hundred uses of electricity on farm were tested, demonstrated and encouraged by entering into agreements with various organs of community life. Development through agreement thus becomes an ever-foliating process. Public corporations are merely the beginning of the process.

There are two stubborn questions that remain : one, is it possible for men to co-operate in some sphere and dispute in other? Will not one or the other tendency spill over and inundate? "Philosophical Implications", the massive study on planning refers to as one of the crucial aims, "to produce a community of co-operative and yet critically-minded personalities."[37] The new discipline will come only through efforts and experiments. The other question is, can just *one* party start functioning on this basis and hope to make the idea effective? I believe it is possible. In India, the vast majority of the people are thinking along these lines, naturally not through any intellectualised rationalisation, but through shrewed common sense, the ancient soil wisdom. This feeling has brought about the phenomenon described by some

as "an eclipse of politics." This policy, if clarified, can become a mighty force of political understanding and change. The political compulsions of a backward economy express, most effectively, through the moods and temper of the people.

With all the safeguards suggested and with the innovations advocated, it may still not be easy to plan democratically the economic development of a backward economy in a country like ours. To gain effectiveness it is necessary to go beyond the traditional separation of *powers*, to separation of *functions*. Edmund Burke had said that "freedom must be limited to be possessed", freedom under planning not only has to be *limited*, it has also to be *used* in order that it may be possessed or enjoyed.[38]

11. A NEW INSTITUTIONAL FRAMEWORK

Economic development cannot be essayed by political action and parties alone. Even in totalitarian countries, other institutions are built up on a mass basis, but they are built by and through the political party.

Development, under democracy, will be greatly facilitated if functional organisations like co-operatives and trade unions are fostered, and locality organisations, like the village panchayats and community centres, endowed with real power, are built up. The multiplicity of organisations through which men express themselves will help them to learn the discipline of simultaneously developing co-operation in certain areas and critical attitudes in others.

Co-operatives occupy a focal position in the development of an agrarian economy. The following five functions have been ascribed to co-operatives : (i) it protects the consumer and small producer against capitalist exploitation especially by monopolies and combines, (ii) it provides an effective method by which its members can accumulate small savings and use them for their joint benefit, (iii) as a new type of collective enterprise it is able to deal with the most difficult problems of rural and urban economy,[39] (iv) it unites the people, especially in backward countries, in their effort to improve the general conditions of their life, and, finally, (v) it is one of the best instruments of popular education in the practice of economic democracy.

In under-developed countries, the last three reasons have greater importance than the first two, but all the five functions

have a co-ordinated significance.

Co-operatives are not only a *rational* way of organising an economy, particularly where the ownership is small and widely dispersed, but also a method that strengthens democracy. "The meetings of the farm co-operatives were more effective educators in democratic ways than the noisy oratory of the political barbecue."[40] And whoever has the experience of co-operatives, has usually developed a stake in democracy. Dr. Barou's observations, in this connection, are significant : "At the beginning of the October Revolution the co-operative movement was not only large but young and vigorous, for it consisted of nearly 55,000 local co-operative societies and (seven to eight) millions of members. The movement was politically-minded and a large proportion of its leadership and members supported Socialist Parties—the Socialist Revolutionary Peasant Party and the Social Democratic (Menshevik) Party. The Communist (Bolshevik) Party had not much influence among co-operators at this time, and it certainly could not rely on their support and assistance."[41]

Co-operatives, particularly rural co-operatives, would play a vital role in mobilising small savings and labour resources for economic, mainly agricultural and other labour-intensive, development. Rural development will need sustained state-*cum*-community aid, and such aid would be possible of mobilisation and of effective utilisation only through co-operatives. Naturally, the functions of the co-operatives will slowly grow : they might begin with credit and marketing and develop into farming.

In the industrial field, trade unions of workers as also of technicians, would play a vital role in imparting training, sharing responsibility, ensuring development and safeguarding the interests of the workers. It will be possible for trade unions to shoulder such responsibilities only if the movement is unified, that is, it is freed from political fragmentation. That too will not be enough. I believe Prof. Laski was right when he said : "I am not myself a believer in voluntary unionism. The closed shop seems to me a logical outcome of collective bargaining; if collective bargaining is to have any meaning, the worker cannot contract out of its consequences on private terms."[42] As he later on makes clear that a precondition is "the open entry," Laski's "closed shop" is in effect a *union shop*—every worker inside the union. It is my firm conviction that trade unions and co-operatives can become

organs of development and democracy only if their membership is made *obligatory*, while their functioning is made wholely *autonomous*, that is, based on internal democracy. Here again, Prof. Laski's words are stamped with wisdom : "I am arguing, therefore, that while, under modern conditions, the worker ought not to contract out of his trade union, the union ought not be an organisation which is nothing more than the instrument of the state purpose, as it has become in an ever greater degree in the one-party state. Protection of the workers' standard of the means trade union independence; only where that genuinely exists as something that the rank and file workers believe in is it likely that the real source of trade union decision will be inside and not outside the membership."[43]

Obligatory membership with internal democracy are the obvious attributes of a village panchayat. Community centres will have to develop in urban areas to restore to agglomeration of men the organic filaments of related social life.

These four types of organisations would weave men into a web of associative life. Freedom can become meaningful only when individuals cease to be *isolates* and are enabled to enter into fruitful relationships. Freedom is ultimately spelt in terms of free associations.

These associations would canalise social energy in developmental directions; they would be real schools of democracy and would impart the voice of citizens a new power. The processes of planning will become easier and better understood because of these associations.

Any opposition to government's policy would be effectively expressed through such wide-spread and crucial organs and would be able, because of its being concrete and direct, to change the contour of policy immediately rather than in the long-run, which is the usual fate of mere political opposition.

Inside the organisations, from the lowest units, at grass-roots level, to higher *echelons*, constant discussions would be going on. The democratic process would not be vague and spasmodic as it is today, but continuous and informed.

There may be policies on which firm differences exist in society. Such policies would naturally be expressed through rival political parties, but such parties would be functioning in a responsible *milieu* and the differences would be thrashed out in the

midst of co-operative efforts in other areas. The illusive hyphen that is to link the politics of democracy with economics of planning can be found only where the civic awareness is trained by associative life and responsibility.

There has to be freedom of press, speech, assembly and association. Because of the fact that some of the democratic associations, like the co-operatives and trade unions, will be running their own newspapers, etc., the democratic freedom will become more real than they are today. The role of opposition in democracy is rightly stressed but it continues to be conceived in a narrow way. Opposition can perhaps be more effective, searching, and deep-thrusting where it is informed and organised through the active participation of the vast millions of the people in their vital associative organisations.

If the people develop general agreement on main policies, it is possible to conceive of a state where political parties become almost non-existent, where the associative organisations discharge political functions also. Such a state of felicity is unlikely to emerge immediately. It is, however, possible to conceive of democratic parties drawing closer together, in the event of programmatic understanding, to carry jointly the country over the early period of economic development, where the scope for disagreement is comparatively limited. In that event the areas of agreement will extend wide enough to enable a coalition government to be formed.

Coalition, by itself, in an under-developed country is of limited importance. What is vital is association if the people in the processes of development. For that the organisation of a new institutional framework is necessary. Coalition might make it possible to develop such a framework outside the pressure of parties and politics.

Economic development of backward country demands a policy of social change. That policy has to be worked out by seeking maximum agreement among the people. Politics must learn to express itself in terms of agreements as also of disagreements. The principal means of development is provided by the understanding and *elan* of the people; such insight and discipline will come from the experience of associative life. Plural society is the one sure antidote to totalitarianism.

The drift of political action in developed countries pursuing

economic planning is in a similar direction. In under-developed countries, as it has been generally recognised, there is greater *urge* for economic planning and therefore for articulating political action in new terms and in a new framework. Either democracy must discover a new dimension or face disaster.

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18

SEVEN PILLARS OF PLANNING

ASOKA MEHTA

India must plan for prosperity because she is among the poorest countries in the world and the land-man ratio is far from favourable. India constitutes only 2.3 per cent of the land surface of the world, but accounts for 15 per cent of the world's population. India's population is larger than the combined population of Africa and South America. Though only a fragment of the ancient continent, India's problems of development are super-continental.

The ecological facts determine the basic principles of planning and development in India. Because the resources are limited, and the pressure of population on them is heavy, two consequences automatically follow. The first, utmost use of science and technology is predicated, because that way alone can the natural resources be conserved and fully utilised. Secondly, the human factor, in our crowded economy, becomes of critical importance—man's ingenuity, skill, devotion and understanding become factors of growth. Where the ratio of resources to man is low what the resources can be made to yield becomes squarely a function of the human involvement in development.

Our conditions, therefore, reinforce our aspiration to have democratic planning. Our Five Year Plans not only engage the thoughts and energies of many sections of our people, but the final endorsement comes through the freely elected Parliament and from a country-wide election based upon adult franchise.

The administration of India is being organised along five-tiers : the village, the community development Block embracing nearly hundred villages with a population of about 100,000, the district having ten or more Blocks, and the federating States. At the apex is the Federal Government of the country. Every tier of administration is democratically organised, that is under the control of representatives elected by the people. At the village level, attempts are being made to function on the basis of direct democracy through the *gram sabhas,* or the village assemblies. Constant efforts are made to draw the people into the developmental and other activities at every tier of the administration.

Widening the horizons of the people, the diffusion of skills and knowledge among them, fostering in them the habit of co-operation, the drawing out of their initiative and the battering down of traditional stratification in order to foster social mobility—these are among the primary tasks of our planning. Varied efforts in these directions are clustered together as a correlated complex of development of India's rich human resources.

The development process, if left unattended to, invariably results in the aggravation of inequalities. Development, by itself, tends to favour the better placed regions, the better-off classes in society, that is, it leads to 'much getting more' and to the 'rich getting richer'. Constant corrective actions are needed; that is among the principal *raison d'etre* of planning. The countervailing measures must help to direct the benefits of vulnerable sections and weaker regions; it is because the propensity of economic growth is towards inequality, the governing philosophy and operating policies have to be equality-oriented. That is why planning in India is socialistic; it constantly strives, not always successfully, to spread evenly the possibilities and benefits of economic growth.

Most Indians are desperately poor because so many of them—over 70 per cent—eke out their livelihood from the land. Nearly twenty million families work and live on land; they have no land of their own and have to depend on fitful work during the agricultural season. Almost the same number of families have dwarf holdings of less than an acre each. These facts point to a number of policy conclusions : land reforms have an urgent and

imperative need; it is equally necessary to provide the varied aids to agriculture that can make the land more bountiful, and it means equipping the agriculturists with new tools and techniques.

Improvements in levels of living, in ampler opportunities for work, depend upon rapid increase in agricultural production and output, both per acre and per man. These changes require not only the introduction of modern techniques of agriculture but provision of inputs for agriculture that are derived from industy, such as chemical fertilizers, electric pumps, pesticides, power tillers, etc. Likewise, the economic and occupational opportunities for those dependent on land improve to the extent they engage in processing and industrially improving the value of their agricultural produce. Agriculture has to break out of its isolation and merge into the widening stream of economic activities energised by technological forces. Then only can the stagnation of centuries end.

Modern technology is almost omnipotent when given adequate supplies of power; it is nearly impotent without them. Power can be generated through coal, by harnessing water and by mastering the atomic devices. These varied sources of power—thermal, hydro, atomic, oil and gas—can be developed and utilised if a wide range of industrial development is achieved. Power is at once the key to growth and the product of development. The same can be said of the varied and expanding modes of transport—railways and roadways, seaways and skyways. The development of power and transport provide the framework wherein possibilities of rapid economic growth in other sectors of economy emerge. However, this initial development itself requires considerable advance in the spread of skills and in fabricating capacity.

As an undeveloped country strives to transform its economy, that is, to develop it, it needs more and more sophisticated imports, usually of metals, machines, fuels and chemicals. To reduce these requirements of imports is an essential part of the development strategy. Part of the imports are paid for by economic aid and long-term credits obtained from developed countries, whether capitalist or communist. But the greater part has to be met by stepping up exports, that is augmenting domestic production and improving its quality. More has to be achieved by deliberatey developing import-substituting activities, that is a complex of industries that provide steel, machines, heavy

electricals, transport equipment, etc. For a continental economy, like that of India's, both the need and possibility of organising these constellations of industries, providing intermediate and primary products of development, are immense. Their organisation, however, requires investments that are so large, and a waiting period so long, that only the State can undertake the work. This is the rationale of a strong and expanding public sector, of the intervention by the State in economic affairs, not just as a regulator but as an initiator and the pace-setter. This is another feature of our planning, that has both functional relevance and ideological importance.

To produce more, man has so exert more. He is unlikely to do that unless he finds that his increased efforts result in his commanding a more varied basket of consumption. 'Development' is undoubtedly metals and machines, transport and power, schools and laboratories—because without them the improved tools and techniques that unlock the treasure trove of Nature would elude us. This, however, is the picture of development from the community's viewpoint. From the individual's point of view, the basket of goods and services is what counts. The dynamic elements in our society will exert themselves if the incentive of improved standards of living with its enlarging range of goods and services is offered to them. Other forms of cajoling and coaxing can produce results for a short period, the long-run appeal has to be in terms of improvements in standards of living.

The first achievement of developmental efforts is to blunt the sickle of death and thereby boost the population growth. Economic growth, at least in countries like India, gets diluted and dissipated by unchecked population growth. So the developmental revolution requires well organised and wide-spread efforts at birth control. The fewer the births, the greater the improvement in the per capita standard of living, measured in terms of goods or services or both.

I have briefly touched upon the seven pillars of India's plan edifice; it is democratic. it is socialistic, it strives to husband human resources, it seeks to enmesh agriculture and industry together, it boosts the public sector, it endeavours to energies all economic activities with evolving technological skills, and, finally, it restricts population growth. These basic principles are easy to inscribe; they are difficult to implement. In spite of a number of visible indicators of progress, we have not found it easy to make

our administration either responsive to democratic pressures or development-oriented. Our agriculture, in spite of much attention, remain as freakish as our monsoon. Economic disparities continue to defy attempts at containing them. It is obvious that the seven pillars of planning have not been laid with equal strength and stability; a lot of work still remains to be done in securing them and in building up the superstructure of Modern India which will contain the energy and aspirations of the people.

(By Courtesy of *External Services*, A.I.R., New Delhi).

19

LACK OF AWARENESS OF ECONOMIC CRISIS

ASOKA MEHTA

Before I turn to the proposals for additional taxation made by the Finance Minister I would like to say something on the wider framework that he provided to this additional taxation in his speech.

He gave us a resume of the economic conditions that are prevailing now, and I believe, while it may be useful to go into the economics of some of these tax proposals, it is necessary, if we are not to face greater difficulties later on, to look at our economic situation. I think it is reaching a critical point. We in this country are often complacent about our internal conditions. We are prone to be acutely aware of international situations and international tensions. I feel that the Finance Minister has not done justice to himself, to Parliament and to the country by playing down the serious situation that is confronting us today.

THE TAX SCREW

The tax screw is being applied from time to time. We are told that fresh taxes will have to be collected. But even when the tax screw is being applied, we also find that resources are falling. The shortfalls in the resources are becoming increasingly alarming. The foreign exchange gap is widening; and, it is

widening at a time when the international situation has become somewhat obstinate and our difficulties there are growing. The Plan implementation is weakening. Whether it is wise to have a Plan of this size or whether it should be cut down is a different problem. But, the Lok Sabha adopted Plan and we find that from day-to-day and from week-to-week, we seem to be falling behind.

If we look at the development of our national income in the past few years, we find that the increase in the national income has been tapering down. Three years back, there was a substantial increase, but since then every year the rate of increase is going down. Why ? It is because in the earlier period the increase was mainly due to fortuitous circumstances. We thought that inside our economy we had discovered or uncovered the forces of development, that a dynamism of our economy had at last been brought out. But, on the other hand, looking to the developments that are taking place, we find that it was only an accidental improvement and we seem to be still in the stagnant condition that we were in before. There have been sharp changes in the seasonal pattern of money-supply; there have been so many developments.

The crux of the problem has been well brought out by the Reserve Bank in their report sometimes back. The situation has worsened since then, i.e., since June, 1956. The report says :

> "While real national production has shown only a modest increase, the stepping up of the developmental expenditure has been accompanied by larger deficits in the Government accounts."

DIGESTIVE CAPACITY GOING DOWN

What does it mean ? It means that the economy's digestive capacity is going down. As a matter of fact, we seem to be suffering from some kind of economic indigestion. Unless economy has the requisite digestive capacity, just as a human being begins to suffer, economy begins to suffer.

We have been, and I am among the sinners, accustomed to quote figures. We talk about the increase in the index of wholesale prices or cost of living, but very rarely do we realise exactly

the price that the people are paying. Recently a survey was made in the conditions of the people in Poona city by Prof. D.R. Gadgil and it has been quite a revealing one. A similar survey had been made some years back. What is the result ? 76 per cent of the families in Poona are living under poverty line and 25 per cent, are living under the line of destitution. In the last ten years or so, 10 per cent, more have come under the destitution line. When a similar survey was made some years ago by Prof. D.R. Gadgil—the recent survey has been made by the Programme Research Committee of the Planning Commission—15 per cent of the families were destitute. Today 25 per cent are destitute and 76 per cent are living under poverty line. This is what is happening in one of the cities of which we are all proud. It means that the conclusion is irresistable that the inflationary tendencies in the economy have been eating into the living standards of the people, meagre as they have been. This is the reality that we must learn to acknowledge. The Prime Minister said that we must pour our sweat and blood to build our country. We are pouring our blood; 10 per cent more of the people of Poona have been pushed under the destitution line. What more can we do ?

PLAN IS BREAKING DOWN

When some of these taxation measures are being discussed, my friends like Shri Chatterjee and Shri Tulsidas raise questions of all kinds saying : "What about incentives ? What about this difficulty and that ?" I understand all those difficulties, but here is a basic fact—of the growing destitution of our people—from which we cannot get away. Recently there was a survey made of the condition of unemployment or severe under-employment in towns and cities of India. This survey was made again by an official body. It reveals that 5 million people are either unemployed or severely under-employed. What does it mean ? Anything between 20 to 25 per cent, of the labour force in our urban areas are unemployed or under-employed. What is happening to them ? When we say that the wholesale price index has reached 433 points that in the last seven months the index number has gone up by more than 50 points, that the prices have been increasing at the rate of 2 per cent a month, we have to realise that this kind of

increase is eating into the vitals of our people. What are we doing to meet this ?

The Plan is there, but it is breaking down. Whether it is a question of foreign exchange, whether it is a question of resources or implementation, from every side, we find that things are not going as we had planned. Still there is a kind of complacency in the country and that is to my mind most disconcerting. I wish the Finance Minister, and if possible the Prime Minister, had given a ringing call to the country that we are on the threshold of a serious economic situation and we shall meet it jointly by the devoted efforts of the people as a whole. This is a crisis. My friend, Shri Chatterjee, talks about what will happen if reserves are to be deposited. During the war, reserves and profits were deposited; there was E.P.T. Any fresh capital raised had to be deposited with the Reserve Bank. At that time Shri Tulsidas and Shri Chatterjee had no objection, because it was a situation of emergency. Today these objections are being raised, because the Finance Minister is not prepared to go and tell the country that there is a similar emergency. Here, too, our people are pouring their blood—this time to build the country. Still there is no recognition of the emergency. That is my quarrel, if I may use the word, with the Finance Minister.

BIG GAP, SUDDEN JUMP

There has been a big gap in the foreign exchange and a sudden jump in imports; sterling balances have gone down. I am surprised, because, if I am not mistaken—if I am mistaken, I apologise for the mistake—some months ago, when the present Finance Minister was Minister of Commerce and Industry, he had poohpoohed the very idea of a foreign exchange gap; but, today we find that there is a big gap which has emerged. It is because of a certain policy of import and export that the present Finance Minister pursued when he was Minister of Commerce and Industry. I do not like this. I hope the Finance Minister will pardon me when I say that he should not take up one position as Minister of Commerce and Industry and a different position when he becomes Minister of Finance. I do not like this. I want to know what the Government has to say to this.

There is my friend the Labour Minister and also the Planning

Minister. They talk about 25 per cent increase in wages. I ask, as I asked the previous incumbent of the office of Finance Minister on an earlier occasion, can we afford it ? I am in favour of increase in wages, because prices are rising; but, it will have to be linked up with increase have increase in wages unrelated to increase in production, you are going to undermine the very solvency of our economy.

A DEAFENING CACOPHONY

There are facts from which we cannot get away. I am not concerned with capitalists, nor with pseudo-socialism of Kaka Gadgil. I am concerned with certain basic facts that we have to face, and I find that Members on the Treasury Benches seem to be singing different tunes. It is not even an orchestra; it is rather a deafening cacophony of voices. Time has come for the Finance Minister, who prides himself on being a good economist, having a lot of experience, and also being rather an early brand of Socialist—he claims that he became a Socialist before I was born—if that is so, it is necessary that he should end this cacophony and see that the divergent voices are brought together and some kind of meaningful orchestration is there if he is to be trusted with the stewardship of our economy.

Then, what has been his policy ? His policy, as the Reserve Bank report says, has been one of progressive but controlled liberalisation of imports. My contention is that the policy really has been not controlled but progressive liberalisation of imports, and suddenly we wake up. I do not know how he justifies it. He wants to draw in the horns, but even if he does so it will take some months before the drain is stopped.

The gap that we were expecting over a period of five years has overtaken us in a year. If it is part of our deliberate policy, well, I am sorry to know about it.

And this deliberate policy is followed when sterling itself is in danger. I do not know whether one can say with confidence that the sterling area is a safe area just now. I will not quote figures, the Finance Minister knows about them better than myself. But the fact remains that the sterling area has been losing dollar and gold reserves at a fearly rapid rate. And political developments have been taking place which are likely to have their disturbing

consequences. And the Suez Canal has been stopped—I do not blame the Finance Minister for it—but 65 per cent of our foreign trade passes through the Suez Canal. All these difficulties are there. Suppose tomorrow something happens to sterling; suppose topples down where will we be ? When I say that everything is the creation of the Government and the Finance Minister; I am not foolish enough to say that. I say there are difficulties in which we are living, and it is the business of somebody to sound a note of warning to the country and say let us not be complacent about it. And I do hope that the Finance Minister, when he introduces a special budget of this kind, would sound such a note of warning rather than go about in the kind of away in which he has been doing.

"LENIENT"

I was reading the *Capital,* and I find that in regard to the proposals he has made in the Finance Bill about increasing import duties, it says that these proposals are "in fact lenient." So I do not know. I again want to know whether it is the hangover of the policy that he was pursuing previously that still continues, and if it does, I hope he will cast it off.

Then I would make a suggestion to the Finance Minister that he should take an early opportunity of meeting the Finance Ministers in the Commonwealth countries or in the sterling area. I would also like him to go to Washington. I know he has been sending his aides and officers; but I think we are facing a situation where he should personally go. A similar suggestion was made by Mr. Gaitskell about his Finance Minister, and I would support this plea about a meeting of the Finance Ministers of the sterling area. And I would like him to go to Washington and not be satisfied with sending either his aides there or with carrying this long-range correspondence with various individuals in the United States of America. If he goes there, I am sure he will be able to get more assistance, which we need, and I believe he may be able to work up some kind of a Foodgrains and Fibre Bank, for which there is a fairly good atmosphere in the United States. If speculation is to be checked here, an International Bank of Food-grains and Fibre set up in the United States would be of great value. I need not dilate the point further, because I know the

Finance Minister is quite aware of it. But he has got to show his drive, his dynamism there and see that these things get done. Because, otherwise what will happen ? My friend Mr. Chatterjee and other conservative economists will say, "Cut down deficit financing." And where are we ? If you cut down deficit financing and the Plan, unemployment will grow, and all kinds of difficulties will grow. We are in a way cornered, and we have got to take an aggressive attitude. We have sometimes to take a rather speculative risk in order to get out of the difficulties into which we are caught, and there I believe the Finance Minister should not be satisfied with what he can do in this country, but he should be prepared to go out of India also.

AGAIN, A LEAKAGE

Next, I would like to refer to the budget proposals. I am sorry, it is my misfortune that again I have to bring up this matter, but there has again been a leakage. A Capital Gains Tax has been levied. But some businessmen seem to have made a lot of capital gains already—capital gains which are going to escape the net of the tax completely. I have my own information. I am prepared to place it at the disposal of the Finance Minister. Whether it is reliable or not it is for him to find out. And this is what the *Capital* has to say—I believe it is a responsible paper—this is form the *Capital* of the 6th December :

> "Once again, certain large speculators were able to get wind of what was in store before it was actually announced, and so relieve their fellow gamblers of considerable sums of money."

I am not worried about what happened to the fellow gamblers. And it goes on to say :

> "It is ironic that Mr. Krishnamachari's announcement last Friday should have put huge capital gains into the hands of a few speculators on the Calcutta stock market, if on no other, and that the Finance Minister is unlikely even to see an anna of it."

Here you introduce a Capital Gains Tax. And what is the first result of that Tax ? Somebody makes a lot of gains. The charge is substantiated by a fairly responsible journal like the *Capital.* And I would like to know from the Finance Minister whether he is prepared to make searching enquiry into the matter, or is this going to be a kind of normal policy of the Government ?

TAX EVASION

In Bombay and Calcutta Rs. 100 crores are circulating in private hands and lots of business deals are done on a cash basis. No sales tax, no income tax, nothing appears in any books. This is being done in an organised manner and some of the trade associations are responsible for this kind of activity. If the Finance Minister wants, I can tell him the name of the banker who gave me this information. I would like him to look into these matters because he himself has said it is something amusing. Here is a difficult situation. We are piling up taxes on taxes and impose now taxes on the common people also. What is being done about tax evasion ?

The Minister made recently a startling statement. He said, if all the people paid their taxes, naturally income tax, he would be able to increase the size of the Plan by 25 per cent, which means by Rs. 1,200 crores, which means an annual loss in income tax to the tune of Rs. 200 crores, a fantastic loss. If that is what feels, it is time that he looks into the working of his own department rather than come to the Parliament and say, I want this tax and that tax. Leavy by all means Capital Gains Tax and other taxes on those who can afford to pay them.

We have recently levied the Central Sales Tax and other taxes on the common people. In the National Development Council, you have called upon the State Governments to increase the taxes. There has been a suggestion that the revenue that the peasants have to pay should also be increased. When these taxes are being thought of seriously, is it not time that you look into the tax collection machinery and see that the leaks are stopped ? I cannot understand a Finance Minister of the ability of Shri T.T. Krishnamachari going about saying Rs. 200 crores are not coming to my coffers, if only people paid, I would do this, I would do

that. What is the administration doing ?

NATIONAL ECONOMY COMMITTEE

Then, again, I do not know what is being done about economy. In England, in a similar emergency, Parliament set up a Committee called the National Economy Committee. It was the business of the Committee to see that the expenditure was cut down. The former Finance Minister said that the Cabinet was going to set up some Committee.

I do not know, when additional taxes are to be piled up upon the people, when the Parliament is called upon to sanction taxation, whether we are discharging our duty to the people if we leave the onerous responsibility of looking after the economy in expenditure on the shoulders of the Finance Minister alone. It is our responsibility and it is our privilege and this House should not be prepared to give up its responsibility and deny itself its privilege.

A LITTLE LATE

I am happy that the provisions of the Capital Gains Tax have been activised. They have been there. I have often asked that they should be activised. I am happy that has been done. In the past four years, industrial securities have registered a rise of 50 to 100 per cent. The Capital Gains Tax has, if anything, came a little late. There is a major exemption. Many exemptions have been made; there is one exception which, to my mind, is disturbing. In clause 4 you will see, it is stated :

> "Provided that . . . . under a deed of gift, bequest or will shall not for the purpose of this section be treated as a sale, exchange, relinquishment or transfer of the capital assets."

Here, I would like to invite the attention of the Finance Minister to what Professor Kaldor has to say in his report on page 34. He talks about exemptions. He says :

"If, on the other hand, transfer by way of gifts, bequest, etc.,

are exempted . . . These exemptions may easily cut the potential long-term yield of the tax by two-thirds or three quarters and they do not seem to be justified on my principle of equity."

I would like the Finance Minister to tell us why this major exception, which is not justified on any ground of equity and which is likely to cut the long-term yield—after all, a tax of this kind can be thought of only in terms of a long period—has been made. As far as this tax is concerned, I find that the financial journals have endorsed the tax and I do not think there is any serious opposition even from our capitalist friends.

INTEGRATED TAX STRUCTURE

As far as tax on dividends is concerned, I would say this. Professor Kaldor has made his own criticisms. I am not worried about what he has said. My own point is, the Finance Minister should have an integrated tax structure in his mind. I would not like him to pick up something from here and something from there and tag things together. As we have a planned economy, we should have a fairly integrated tax structure before us. He has himself said that we have got into a rut and that we should get out of it. We do not want and we are not entitled to enquire what taxes will come and when. But, it will be useful to know from the Finance Minister some time what is the general integrated tax structure that he has in view.

One should have a fairly good idea of what kind of taxes he has in view. Otherwise, what happens is this. Here, Professor Kaldor has suggested various taxes and riveted them together. You take away the rivet. If you bring them piecemeal, we do not know what the implications will be.

I do not know if the Finance Minister is interested in making a fundamental change. Are we really moving towards socialisation of savings and investment ? Is there going to be that change ? If you are really moving in that direction, it means a major change in the character and slant of our economy. Are we on the threshold of it ? If we make that basic change, I believe the whole character of our economy changes and I would welcome that change. I would like to know clearly whether we are moving

in that direction.

About the provision of deposit reserves, as I pointed out, similar provisions were made in an emergency in the past. I find that another financial journal *Indian Finance* says that these deposits can be described as "an incentive to expansion." I do not know whether that opinion is shared by others. I do not know whether these deposits will prevent the things that have been happening. Here is an interesting instance. In a report of the Orient Paper Mills, this has happened. It is said :

> "In order to meet the requirement of funds to implement the modernisation and expansion programmes of the Company, it is proposed to raise further capital of the order of Rs. 50 lakhs by the issue of preference shares. Since the period under report, the Company has acquired the entire issued share capital of the Air Conditioning Corporation Private Ltd., manufacturers, dealers and importers of air-conditioning and refrigeration equipments with factories in Calcutta and Bombay."

The Orient Paper Mills has not the money for modernising its own plant; but it has the resources to buy up an air-conditioning factory. What a paper mills has to do with air-conditioning passes my imagination. Is this kind of thing going to be permitted ? The Finance Minister is reported to have said at the party meeting that he is going to have a list of 20 industries in which they can invest the reserves. What exactly does it mean ? I would very much like to know much more about this scheme, because this kind of hanky panky has been going on for a long-time and I do not think it adds to the health of the economy. If this can be checked without in any way adversely affecting the normal needs of our economy, it needs to be done. Here, I would agree that the Finance Minister must work out very carefully the impact of these changes on the bank resources.

To what extent the banks are in a position to bear the consequential impact of these changes—that needs to be carefully thought out, because that is the point on which a number of critics have been rather outspoken.

DEFICIT FINANCING

I have just two small points to make before I conclude. One is about deficit financing. I thought the former Finance Minister was pursuing the strategy of putting in a fairly large dose of deficit financing in the initial period and then stepping up taxation after that during the remaining three or four years. Now that policy seems to have proved difficult, and we are now in for what we many call loosening the reins and tightening the reins alternately. This loosening the reins and tightening the reins alternately may be a useful policy, but I would not like that we cut down our deficit financing drastically. We should somehow recover or re-discover the digestive capacity of our economy, because if we do not do that I do not think we shall ever be able to raise the resources that we need to put through a plan of the size that is needed by the country. And with it, it is necessary to give special attention to the production of food and cloth. I feel that far too much attention is being given to the new institutional setup that is likely to be introduced.

Suddenly our Prime Minister developed interest in agricultural co-operatives, and when he sort of develops an interest in something, practically every one develops an interest in it. I am sure you must have read the report that Mr. Gomulka had to give on the experiences in Poland. The agricultural co-operatives have been yielding 16 per cent less output than the small peasants. The State farms, of course, have been yielding probably 25 to 30 per cent less. Let us not rush into some of these things. Of course, co-operative marketing and other things are necessary, but in the difficult situation in which we find ourselves, we have got somehow or other to create conditions where the small peasants with what little assistance we can give them, without bringing about those drastic changes of bringing them into co-operative farms and all that, are able to produce more of what we need. This is an emergency, and emergency measures have to be taken. If that attitude is adopted, I believe we small be able to meet the situation.

ABOUT LABOUR

About labour, I would just like to say two things. One is

that while there is a case for increase in wages, but it needs to be linked up with higher production. I would like the Prime Minister and the Finance Minister, after the Prime Minister is free from his international preoccupations, to call the trade unions together, talk to them. It is necessary if we are to get over the crisis that is threatening us to call them together and get their co-operations for the next two three years. They will likewise have to call the industrialists and see to it that the entire structure of management is modified, is improved. If it is not done, it is no use appealing to the labour. And above all, I believe it is necessary by seeking the co-operation of all sections of the people and all political parties in the country to bring them together to see that we are able to step up in the next six months, one year or two years, food production and cloth production in a very big way. And for that the co-operation of millions of people is needed.

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TOWARDS A SCIENTIFIC REVOLUTION IN OUR AGRICULTURE

ASOKA MEHTA

The most important challenge concerns India's economic development with the need to achieve major changes in our production and occupational structure without disrupting the continuity of the 5000-year-old culture.

Closely related to this is the challenge of keeping our mushrooming population under control—a problem which increasing as our living conditions improve. With a population already at more than 450 million people—second only to China—we face the prospect of double that figure by the year 2000, at our present rate of growth. The most encouraging and remarkable feature of recent months has been the interest that the masses of people in India are taking in family planning. We have allotted $200 million for this purpose in our Fourth Plan.

A third major problem concerns preservation of the integrity of our country while building our economy. Unfortunately, during the last 17 years we have been victims of aggression and provocation. Two parts of our country have been invaded, and portions remain occupied. It is a matter of deepest regret to us, particularly at this critical stage of economic development, that we must continue to devote a considerable amount of our resources to defence.

The Government Ministers in this special section will go into specific details, but as a planning overview, what major efforts are under way to meet these challenges—to strengthen the economy of India ?

We shall be completing the third of our series of five-year economic development programmes in 1966. In less than 16 years we have changed the character of the economy considerably. To sustain this growth will require continued stress on programmes already being emphasised, particularly in the area of agriculture.

Since the beginning of our agricultural planning, agricultural production has gone up about 47 per cent. But if we are to achieve our ultimate goal of producing far more agricultural products than India needs for its own use—our greatest potential for achieving export strength—much more remains to be accomplished in the areas of land reforms, irrigation, rural electrification, and more remunerative prices for our farm products. Within the next three to four years, we expect to be in the first stage of introducing a scientific revolution in our agriculture—establishing for the first time a close tie between agriculture and industry.

Electric power generation has shown impressive gains in India, and our future planning will continue emphasis in this area. We now generate in one year as much electricity as was produced during the entire First Five Year Plan. Most significant for the future is the fact that we are now beginning to produce in our own country the heavy electrical equipment—generators, transformers, and turbines—needed to meet the generating requirements of our fourth and fifth Plans and beyond.

Another area of future emphasis is in the production of steel, one of the basic materials for the growth of any nation. Despite the fact that we have within India all the natural resources to make India one of the world's greatest steel-producing nations, we currently are importing significant quantities of steel. And every million tons of steel we import costs us $150 to $200 million in valuable foreign currency.

Non-ferrous metals, especially aluminium, pose a severe shortage in India. We are making considerable strides toward progress in this area with the help of foreign companies like Kaiser and Reynolds of the US.

What will be the future role of foreign assistance and business co-operation in India's development progress ?

In all of these areas of development, a variety of working relationships are being offered, placed into effect, and seem to be working successfully. They include : direct collaboration and assistance of foreign governments; minority participation of the Indian private sector with Government investment; completely privately owned industries—Indian, foreign or partnership of the two, foreign private investment collaboration with the Indian Government. So the whole spectrum of development and business opportunity exists here.

It is important, however, that foreign governments and business realize that the next ten years will be the most difficult period in our development, primarily because of the heavy demands of cumulative investment. Take electrification, for example. India not only has to invest considerable resources in power generation, it must provide for power distribution to rural India, make investments so that our agriculturists will be able to use the power, and simultaneously build our own heavy electrical industry.

A major area requiring foreign understanding and action is the creation of favourable export markets for India's agricultural products, many of which now feel the pressures of excessive custom tariffs and high excise duties.

In conclusion, what do you predict as to India's future participation in the economic life and strength of the international community ?

We already are helping a number of developing neighbours by making available our growing industrial ability. We have been providing such assistance to our closest neighbour, Nepal, for irrigation, power generation and communication projects, the Government of Uganda in setting up sugar factories, Ethiopia in establishing a textile industry, and Burma, Malaya and East Pakistan in developing light engineering industries.

We are becoming more active in world trade. Our imports are growing considerably, even as we produce more industrial goods and services within India. By diversifying our economy—striving toward more exports of our products—we are moving toward the balanced economy which will enable us to afford products from countries such as the US.

After 1975 we shall of course have considerable external debt to repay, but I do not think we shall be needing external assistance from that point. India's big contribution to the economic life of the international community will come in the last quarter of this century.

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THE ECONOMIC REVOLUTION OF OUR TIME

ASOKA MEHTA

THE WORLD STAGE

Courage, particularly intellectual courage, would also in a way appear to be the essence of my theme : the economic revolution of our time. In whatever manner we may choose to describe its characteristics, there cannot be any doubt that but for the challenges, sometimes at the cost of physical extermination, made in the course of the last two hundred years or more by countless intellectuals, scholars and revolutionaries spread over all the continents against the established modes of thinking in social and economic matters, we would not be in a position to talk today of a brave new world as if it were just round the corner. Today, liberty is a byword of democratic government, equality a part of the programme for social advance, socialism an agenda of administration and self-determination a common platfoım of international policy. We seldom pause to think at what tremendously courageous self-sacrifice and dedication on the part of countless people has this result been achieved. Rousseau, Locke, Jefferson, St. Simon, Owen, Lincoln, Marx, Lenin, Veblen, Sun Yat Sen and even Gandhi have already passed from the world of numerous grim battles with organised confusion, conformity and vested interests into the motionless world of academic quiescence. And yet if we are to be grateful to anybody for the contour of our

lives and the substance of our dreams today, it is to these men of courage. It is these men of audacious ideas who have charted for us the course of the worldwide economic revolution which is under way.

It is possible to characterise this revolution in many different ways. The establishment of socialism at home and the overthrow of the rule of finance capital abroad would perhaps appear today to be a rather conservative and narrow way of describing the goals of this revolution. For not only have the rigidities of the capitalist order abated and a welfare-oriented public finance come into existence in the capitalist countries, but an increasing number of countries has also been going socialist. Similarly, the economic exploitation of colonies and dependencies prevalent in the 18th, the 19th and the first half of the 20th century is now showing signs of yielding place to a new concept of international economic aid which is as much to the advantage of the receiver as of the giver. Thus, the categories of thought which were, as it were, valid even yesterday would appear to need a revision to take account of the emergent realities of today.

Doctrinaire overtones apart and free from technical jargon, the economic revolution of our time is concerned with these basic things : how to prolong human life free from disease and disabilities, how to make it more productive and how to make it more creative. In terms of social endeavour, these would imply the following three aims : how to realise a higher expectancy of human life; how to attain a greater productivity of human labour, and how to achieve a greater amount of creative leisure for all human beings. The first is a biological concept which is being realised through the great advances made by biological sciences and health technology; the second is a techno-industrial concept which is being pursued through the rapid strides made by the natural sciences and the development and spread of industrial technology, while the third is a cultural concept which presupposes the fulfilment of the first two objectives and the flowering of the creative spirit in its widest sense. Although not every one of them is a strictly economic aim I consider them to be part and parcel of the economic revolution of our time because they all pose strictly economic problems for their fulfilment. And it is these aims, as integral parts of a growing social yearning, which set apart the modern economic revolution from all the economic

upheavals like the rise of capitalism and socialism that have gone before. The realisation of any one of these aims is, in the last analysis, really dependent on that of the other two.

All the continents of the world are now engaged in a relentless pursuit of these ideals. From the point of view of this or that country, however, the various facets of the revolution outlined before are of unequal importance in different phases of their development. For instance, the cultural facet is more important today for country like the U.S.A., particularly in view of its tremendous economic advance portended by automatised industry. For a country like the U.S.S.R., the techno-industrial phase is perhaps still dominant although the cultural phase has undoubtedly started to worry its rulers. For us the first two phases, the biological and the techno-industrial, are still of crucial importance, for we are still engaged in the formidable task of changing a traditional society. And yet from the point of view of the world as a whole and of the world community in its entirety, all the three facets of the economic revolution are of concurrent validity. While the U.S.A. is struggling to solve its cultural problem, it is trying to help solve the techno-industrial problem of India : while India is fighting to tackle its techno-industrial problem, it is endeavouring to come to the aid of newly independent countries of Africa in solving their biological problem. Not only do these facets of the economic revolution make their appearance in the horizon of every country sooner or later, because they are integral parts of a new social order based on reason and humanism, but the solution of any one aspect of the revolution for any one country may also be inextricably bound up with that of any other aspect of it in another country. One can perhaps see the simple connection between the hunt for themes in the tropics by American and West European literary writers and the increasing leisure of the people of those countries. One does not, however, readily realise what enormous problem of surplus, highly paid technical personnel these countries would face if they were to call off their programmes of economic aid in the developing countries today. The solution or the techno-industrial problem of the latter is undoubtedly helping to keep the leisure problem of the former at bay. Given the desire for change and improvement, which characterises even the most economically backward society of today, there is no escape from

the dynamic logic of industrial technology which demands an ever-increasing economic growth over time and ever-widening markets over space as its stabilisers. There is therefore no isolation for any country today, neither for the richest nor for the poorest.

It is possible to fill many volumes describing this grand theme of worldwide transformation that is taking place before our eyes today. In these lectures, however, I can but attempt a sketch. I propose to describe the world stage in the course of my talk this evening and particularly to tell you in brief the relative position of some of the advanced countries and India in respect of the biological and the techno-Industrial phases of the world revolution. In my concluding talk tomorrow I shall exclusively deal with the Indian scene.

Longer Life

I have already mentioned the biological aspect of the worldwide economic revolution which aims at a higher expectancy of human life for all the countries of the world. This is but one strand, an important one, in a whole nexus of demographic ideas. An associated aim is the achievement of lower birth-rates, lower death-rates and lower infant mortality rates. On the basis of these and other demographic factors, scholars have been able to construct various demographic indicators of economic development.* An important index is that of human wastage in reproduction which means the percentage of females who fail to survive during their child-bearing period and measures the difference in the capacity of the various nations to enable their womenfolk to survive for the reproduction of their subsequent generations. On the basis of demographic data around 1950-56, the index was 7.6 for the U.S.A., 5.0 for the U.K., 9.6 for Japan, 31.4 for Mexico and 47.1 for India.

A more important demographic index of economic development is that of child wastage which means the percentage of the population which fails to survive to the productive age and thus measures the differences in the ability of nations to rear their populations to the age when they stop receiving benefits and start repaying their debts to society. For the period in question, this

*P.M. Hauser : "Demographic Indicators of Economic Development", *Economic Development and Cultural Change*, January, 1959.

index was 4.1 for the U.S.A., 3.3 for the U.K., 6.4 for Japan, 33.4 for Mexico and 40.0 for India.

An equally important index is that of human wastage in production which means the percentage of males who fail to survive during their productive age and measures the differences in the ability of nations to get back a productive return on the investment they have made in the rearing of their populations. This index was 35.4 for the U.S.A., 29.6 for the U.K., 33.4 for Japan, 61.2 for Mexico and 74.2 for India during the period under review.

Finally, the most tell-tale index is that of relative development which expresses in percentages the extent to which a nation has more than its share (+), or less than its share (—), in relation to its share of world population. In other words, this index measures the extent to which a nation is above or below the world per capita income. For the period in question, that is 1950-56, this index was (+) 320.2 for the U.S.A., (+) 75.3 for the U.K., (—) 50.6 for Mexico, (—) 66.3 for Japan and (—) 86.5 for India.

The other basic demographic measures like the crude birth-rate, crude death-rate, infant morality rate and life expectancy at birth for males are all consistent with the tendencies outlined before. Thus the crude birth-rate per thousand is around 24 for the U.S.A., around 16 for the U.K., around 18 for Japan, over 40 for India and around 45 for Mexico. The crude death-rate per thousand is around 9 for the U.S.A., around 11 for the U.K., around 7 for Japan, around 10 for Mexico and around 18 for India. The infant mortality rate per thousand is about 25 for the U.S.A., about 22 for the U.K., about 27 for Japan, about 70 for Mexico and over 100 for India. Finally, the expectation of life at birth for males is about 68 years for the U.S.A. and the U.K., about 64 years for Japan, about 38 years for Mexico and about 40 years for India. What is more significant in these comparisons is the fact that the per capita national income of these countries also shows the same correlations as outlined above. Thus, the U.S.A. and the U.K., which have the largest per capita incomes, have also nearly the lowest death-rates, the lowest infant mortality rates, the highest life expectancy at birth, practically the lowest indices of all the three types of wastages and the highest positive indices of relative development. On the other hand, India, which has the lowest per capita income of all the five countries compared

above, has the highest infant mortality rate, about the lowest life expectancy, the largest indices of the three types of wastages and the largest negative index of relative development.

All these correlations are not accidental. They are embedded in the logic of economic development and would perhaps permit a few broad generalisations. The more prosperous a country, the greater is the prospect that its inhabitants will be in a position to make the best of their lives, not only in the economic sense but also in a biological sense. Similarly, the richer a country, the smaller are the wastages in its reproduction and production so far as the human factor is concerned. On the contrary, the poorer a country, the larger are the human wastages and the smaller is the prospect that its inhabitants will be able to make the most of their lives, both in the biological and in the economic sense.

This puts the case for a demographic revolution in its properly desperate light. Through circumstances over which the present generations in the underdeveloped countries have no choice, they are condemned to a life less worth living, less productive and less meaningful than that which is the lot of the more fortunate peoples of the relatively advanced countries. Due to the same circumstances again, their fight for a better life and ampler opportunities is also condemned to remain slower, more difficult and vastly more desperate than that of their luckier brethren in the advanced countries.

This does not however mean that the economically backward peoples have no responsibility whatsoever in respect of the situation they are facing in the demographic sphere. There is a lot they can do themselves. For overpopulated countries like India, population control through contraception has to be organised on a massive scale if a further worsening of the situation has to be prevented. The human wastages can also to some extent be reduced through more intensive medical services. But the real test, the Index of relative economic development, cannot be expected to improve through these measures alone. A vastly more intensive programme for economic development on a global scale than we have ever seen, a programme envisaging massive transfer of capital and technical know-how from North America and Europe to Asia, Africa and Latin America coupled with a counter-transfer of population from Asia to the Americas, Europe and Africa, is the need of the hour. The national and international

efforts organised so far in the course of what is euphemistically called the development decade do not even touch the fringe of the problem if we take a global view. At this rate, the submerged peoples of the world do not have an even chance of winning their mortal battle against time.

Greater Productivity

We now come to the second aspect of the economic revolution, namely, the attainment of a greater productivity of human labour. As the ideal of higher life expectancy is only a central theme among many other related demographic concepts which underlie the biological aspect of the revolution, so is the goal of greater labour productivity also a central theme among many other associated economic ideals. It is possible to construct various indices of labour productivity for a country, but from the macro-economic point of view and for overall comparison between different countries, the per capita national income or output is a convenient index. The field of international comparison of per capita output has been intensively explored in the course of the last decade or two* and it is now possible for us to arrive at certain broad judgments regarding the relative distances between different nations in this respect. I shall first present certain inter-continental comparisons, particulary those between Latin America, Asia (excluding the U.S.S.R.) and Africa as against Western Europe and then try to bring out the differences between certain developed countries and others which are still in the process of development.

Asia (excluding the U.S.S.R.) accounted for over 53 per cent of the world population in 1938 while it produced only 17 per cent of the total world output. In 1949 while it accounted for over 52 per cent of world population its share in the total world output had fallen down to 10.5 per cent. The continent of Africa accounted for 7 per cent of the world population and a little over 2 per cent of the total world output in 1938. In 1949, its share in the world population went up to nearly 9 per cent and its share in world output went down to 2 per cent. Latin America, which recorded a 6 per cent share of world population and 4.2 per cent

*Simon Kuznets, "Quantitative Aspects of the Economic Growth of Nations", *Economic Development and Cultural Change*, 1956 to 1964.

continent of Africa. In more recent times, for instance in 1958, Kuwait was investing two-thirds of its national output in social overheads alone while enjoying one of the highest rates of per capita output in the world, thanks to its oil revenues.* Between 1951 and 1956 Iraq doubled its national output due to its oil revenues. Similarly, Lebanon, Syria, Israel and Cyprus have enjoyed increases of 4 to 7 per cent in their per capita output and realised annual rates of investments between 1: and 25 per cent of their national output during this period. Similarly, Turkey maintained an increase of 3 per cent per annum in its national output overcoming an annual increase of 3 per cent in her population. But the development of Saudi Arabia has been strikingly different from that of Syria and Lebanon which reminds one of the different reactions of Spain and Britain under the Tudor and Stewart monarchies in the 16th century to the influx of capital and precious metals. Inspite of the existence of a few impressive peaks of development in these two continents which I have just mentioned, one gets the impression of an unmitigated flatness of terrain in respect of the rest.

As compared to this decline in Latin America, Asia and Africa during the forties, the U.S.A. and the U.S.S.R. are seen to have forged ahead. The U.S.A., which accounted for 6 and 7 per cent of the world population in 1938 and 1949, produced 26 per cent and 41 per cent of world output in 1938 and 1949, respectively, registering an increase in its relative output per capita from 329 to 626 (world average—100). In the case of the U.S.S.R. also the improvement though slow was unmistakable. Accounting for about 8 per cent of the world population, its share in the world output improved from 8 per cent to over 11 per cent between these years while its relative output per capita went up from 102 to 133.

A closer look at the features of development of some of the more advanced countries would also disclose an interesting tendency, namely, that of a faster rate of development in the case of countries which are relatively late to start but have the necessary resources to go through the full cycle of development. Thus between the sixties of the last century and the fifties of this century the output per capita increased by 12.5 per cent per decade

*A.J. Meyer : "'Middle Eastern Capitalism", Harvard University Press, 1959.

in the case of Britain, over 15 per cent in the case of Germany and the U.S.S.R., and over 20 per cent in the case of the U.S.A. In the case of Japan, the increase in the output per capita per decade was over 26 per cent between the 'seventies of the last century and the 'fifties of the present, thus recording the highest rate of growth in per capita output inspite of a formidable rate of growth in her population. Even as recently as the period between 1951 and 1957 the gross capital formation as percentage of gross national output was nearly 30 in the case of Japan, 27 in the case of West Germany, 19 in the case of the U.S A. and 16 in the case of Britain, although their per capita output could be ranked in the reversed order.

Over longer periods, between the 'fifties or the 'sixties of the last century and the 'fifties of the present century in the case of Britain, the U.S.A. and Germany this ratio has been of the order of 12 per cent, 20 per cent and 21 per cent respectively. In the case of Japan the ratio was about 10 per cent during the 30 years from 1887 to 1916, but nearly 20 per cent during the 46 years from 1902 to 1940 and 1952 to 1958. The ratio between net national capital formation and net national product over the decades of this century has been 8 per cent in the case of Britain, 9 per cent in the case of the U.S.A. and about 14 per cent in the case of Germany and Japan. While comparable material for the U.S.S.R. is difficult to come by, there is reason to believe that she would also disclose the same tendency of a high rate of capital formation which is the common characteristic in the early and middle phase of development of the late starters. Another interesting feature of the development of these countries is that during the period 1950-57, manufacturing and transport and communications accounted for 57.6 per cent of the gross domestic product in the case of the U.K., 47.4 per cent in the case of the U.S.A., 57.9 per cent in the case of West Germany, 41.0 per cent in the case of Japan and only 14.8 per cent in that of India.

We may now briefly sum up our observations in respect of the second aspect of the economic revolution, namely, the attainment of a greater productivity of human labour. First, North America leads the race for increasing productivity of labour followed by Western Europe, Latin America, Asia and Africa in that order. Although the position of Asia is marginally better than that of Africa at present, the tremendous pressure of population in

Asia as compared to Africa is likely to tilt the balance in favour of the latter in course of time, provided it is quick to react to its growing opportunities. Secondly, the U.S.A., the U.K., the U.S.S.R., West Germany and Japan are in the forefront of progress in per capita output levels, while the position of India is in the rear with some of the middle-Eastern countries considerably ahead of her. Thirdly, as the experience of Germany, the U.S.S.R. and Japan shows, the late starters in the path of economic development which have the requisite endowment of natural resources find it possible to attain a relatively higher rate of economic growth and capital formation in the early and middle phases of their development.

MORE LEISURE

I have decided not to discuss the third aspect of the economic revolution, namely, the attainment of greater leisure for all human beings, because this problem does not concern us vitally at the moment and whatever I might have to say in this regard would be only in respect of the most advanced countries of the world. But I may tell you that we ourselves are also likely to face this problem one day although that day may be distant and if I may venture into an observation which does not strictly fall in my domain, I might also tell you that it is in this field of utilisation of leisure and the coaxing of the creative spirit into its full flowering that a great variety is possible. In fact, the cultural heights reached by the ancient Egyptian, Indian, Greek, Roman and the European civilisations all bear testimony to this fact. Here there is no common path of development, no common goal. Every society is free to develop according to its genius. In the development of this genius, when the time comes, we might perhaps bring forth something which would, taking off as it might from our ancient base, contribute something to the world culture and invest it with a new meaning.

This then is the outline of the worldwide economic revolution that is coursing its way through all the five continents : An urge for a longer life, an urge for a more productive life and an urge for a more creative and cheerful life for the many billions of people to whom such life is denied today. Some people might like to call it socialism, but I consider socialism to be an aspect of

it only, insofar as it can solve the problem of raising productivity through redistributive measure. The economic revolution that is taking place today is much more comprehensive than that. It has set its sights much higher. For it aims at nothing short of a new world order in which the biological, the economic and the spiritual urges of man have found their harmonious fulfilment.

THE INDIAN SCENE

Earlier we dwelt on what I consider to be the most important factors in the worldwide economic revolution that is unfolding before our eyes today; a biological revolution the net effect of which was to prolong all human life increasingly free from disease and disabilities, a techno-industrial revolution which aims at ensuring for the sub-merged peoples of the world a greater productivity of labour and hence a better standard of life and finally, a cultural efflorescence which makes it possible for all men and women to turn their growing leisure to more creative pursuits. I also told you how the first two of these movements were being conducted in different parts of the world and what their effects were on the lives of the peoples of certain selected countries. In other words, I tried to give an idea of the world stage on which the latest drama of human regeneration was being played. Now I shall attempt an outline of the Indian scene.

I shall first present the demographic trends which are in evidence now and which should form part of our judgment regarding the next two decades. Then I shall try to project the economic variables like national output and per capita output and assess their implications for economic growth. Finally, I shall sketch the trends in certain aspects of industrialisation, education and administration.

The most important thing to note about the Indian population today is that some of the welcome developments are going to affect our fortunes adversely in the next twenty years. We expect a decline in our mortality rate which is certainly a welcome development. Even a marked decline in the fertility rate brought about by determined efforts at family planning over the next ten years or so will not experience its effects; the impact of family planning will be felt in a later period. In the near and meaningful future we have to prepare for considerable increase in population.

In fact, we might reach a condition of population explosion at the end of the next 15 or 20 years unless we have the wisdom to step up manifold our efforts at family planning.

Our demographers assume that our general fertility rate of 195 for the period 1951-60 would remain unchanged up to 1966 and would undergo a decline of 5 per cent during 1966-70, 10 per cent during 1971-75 and 20 per cent during 1976-80. This would mean that the gross fertility rate would be 185 during 1966-70, 167 during 1971-75 and 133 during 1976-80. On the other hand, so far as mortality is concerned, starting from base values of 41.9 for males and 40.6 for females during the last census decade centred in 1956, the expectaion of life at birth is assumed to go up by 0.9 per annum up to 1970 and by 0.75 per annum during 1971-80. This latter would mean expectation of life of 48.7 years for males and 47.4 years for females during 1961-65, 53.2 years for males and 51.9 years for females during 1966-70, 57.3 years for males and 56.0 years for females during 1971-75 and 61.1 years for males and 59.8 years for famales during 1976-80. On the basis of these assumptions our demographers have calculated that the birth-rate at the end of the quinquennium 1961-65 will be 41.0, the death-rate 17.2, the quinquennial growth-rate being 23.8; the birth-rate would be 38.6 at the end of quinquennium 1966-70, the death-rate 14.0 and the growth-rate during the quinquennium would be 24.6. The birth-rate at the end of quinquennium 1971-75 is expected to be 35.1, the death-rate 11.3, the growth-rate during the quinquennium being 23.8. Finally, the birth-rate during 1976-80 is likely to be 28.7. the death-rate 9.2 and the growth-rate 19.5 during the quinquennium. On this basis the population is expected to be 49.4 crores in 1966, 55.8 crores in 1971, 62.9 crores in 1976 and 69.3 crores in 1981. While the decline in both the birth- and the death-rate projected above is in itself significant, its total effect does not leave any room for complacency in view of the very large population base which we have. It will be noted that on the basis of these projections, the growth-rate goes up from 23.8 in 1961-65 to 24.6 during 1969-71 before it goes down again to the level of 23.8 during 1971-75. It is only during 1976-80 that the growth-rate falls to 19.5. In other words, we should not hope to have any respite from the pressure of population in the foreseeable future unless we are able to achieve something miraculous in the field of family planning

during the next five or seven years.

Let us see the impact of this tremendous growth in population on the working-age (15-59). In terms of the assumption already made we can expect a total working-age population of 26.3 crores or 53.3 per cent of the total population in 1966, 29.7 crores or 53.2 per cent of the total population in 1971, 34.0 crores or 54.1 per cent of the total population in 1976 and 39.0 crores or 56.2 per cent of the total population in 1981. We thus see that inspite of the great increase in population expected from now on till 1981 the percentage of working-age population to population at all ages does not grow at a commensurate rate. This only means that due to the peculiar age distribution of our population most of the benefits from a lower mortality rate will be confined to the child popoulation and we will not be adding significantly to our working force as a result of these improvements. In other words, while we shall be adding to our financial burdens in looking after an increasingly healthy and growing child population, a welcome prospect, the returns we might expect from a commensurately expanding working force would not be available to us. In the field of population, the increase in our liabilities will prove bigger than that in our assets for the next 15 or 20 years.

All this points to the need for a much more comprehensive population policy than we have had so far. While we are considering to step up the expenditure on family planning from Rs. 27 crores in the Third Plan to something like Rs. 95 crores in the Fourth, we are yet to see the implication of this increase in terms of a possible decrease in our fertility rates over the years to come. Similarly, we should be able to link up the increase in our expenditure on various health measures in the Fourth Plan with the likely decrease in the mortality rates. Except China no other country in the world is facing such a tremendous population problem as we are doing today and the Chinese methods for solving this problem would appear to be somewhat different from those of ours. Since we are committed to a policy of persuasion and voluntary response, it is all the more necessary for us to try and anticipate the likely results from our endeavour.

Let us now consider the likely trend in labour productivity. As in my first lecture, here also I take the national as well as the per capita output to be a good measure of productivity. Our experts have made various projections of our national output upto

1970-71. On the basis of the estimates for the past and one such projection, the national output was Rs. 9,530 crores in 1950-51, Rs. 9,980 crores in 1975-56, Rs. 14,140 crores in 1960-61 (all in current prices) and is likely to be Rs. 19,200 crores in 1965-66 and Rs. 26,400 crores in 1970-71, the last two being in 1963-64 prices.* In other words, over the two decades from 1950-51 to 1970-71 the national output is expected to go up by 177 per cent, or at the annual compound rate of 5.3 per cent. During the decade 1960-61 to 1970-71 the national output is expected to go up by 87 per cent or at the annual compound rate of 6.5 per cent, while in the course of the Fourth Plan period ending in 1970-71 it is expected to grow by 37.5 per cent or at the annual compound rate of 6.6 per cent.**

The corresponding per capita output was Rs. 266.60 in 1950-51, Rs. 255.0 in 1955-56 (although at 1948-49 prices there was a net increase) and Rs. 325.70 in 1960-61, all in current prices and is likely to be Rs. 388.70 in 1965-66 and Rs. 473.10 in 1970-71, the last two being in 1963-64 prices. At this rate the per capita output would have increased by 77 per cent or at the annual compound rate of 2.9 per cent in the two decades from 1950-51 to 1970-71. In the decade from 1960-61 to 1970-71, the overall growth would be 45.3 per cent at the annual compound rate of 3.8 per cent while in the five years from 1965-66 to 1970-71 the overall growth would be 21.7 per cent at the annual compound rate of 4 per cent, the last inspite of the great step-up investment in the Fourth Plan period. In other words, while the rates of increase in both national output and per capita output are seen to increase over this period of 20 years they seem to increase only at a diminishing rate, it the rate of investment currently envisaged for the Fourth Plan is given. I venture to suggest that it would be too complacent on our part to accept this slowing-down in these differential rates of increase of national outputs as well as per capita output as a sign of economic maturity as it, indeed,

*At 1960-61 prices, the national output in 1965-66 would be Rs. 18,850 crores, which is already something of an over-estimate as compared to the NDC Memorandum figure of Rs. 17,400 crores; at 1960-61 prices, the national output in 1970-71 would be Rs. 24,400 crores.

**This would appear to approximate 6.8 per cent if the smaller base of Rs. 17,400 crores at 1960-61 prices is assured for 1965-66.

is in the case of more advanced countries. To my mind, this slowing-down clearly brings out the odds we are up against, namely, a fantastic increase in population tending to set at nought even a phenomenal rate of investment.

It would, however, be wrong to think that we have not been exerting ourselves to step up investment. Revenue receipts of the Government both at the Centre and the States have gone up from 8.2 per cent of the national income in 1950-51 to 9.9 per cent in 1955-56, 12.2 per cent in 1960-61 and is likely to go up to 16.9 per cent in 1965-66 and 18.5 per cent in 1970-71. The corresponding revenue expenditure went up from 7.6 per cent of the national income in 1950-51 to 10.1 per cent in 1955-56, 11.9 per cent in 1960-61 and is likely to go up to 17.5 per cent in 1965-66 and 18.7 per cent in 1970-71. The total development expenditure went up from 2.4 per cent of the total national income in 1950-51 to 4 per cent in 1955-56, 5.5 per cent in 1960-61 and is likely to go up to 6.7 per cent in 1965-66 and 8 per cent in 1970-71.

Similarly, the total gross capital formation, which was Rs. 8,045 crores at 1958-59 prices during the five years of First Plan, increased to Rs. 12,373 crores at 1958-59 prices during the five years of the Second Plan, working out at an annual rate of about Rs. 1,600 crores in the First Plan period and nearly Rs. 2,500 crores in the Second Plan period. This compares favourably with the pre-Plan annual rate of total gross capital formation of about Rs. 1,300 crores between 1948-49 and 1950-51, also at 1958-59 prices. In the Third Plan and the Fourth Plan periods this is going to be accelerated significantly.

The progressive step-up in the rate of capital formation has already started, bringing about significant structural changes in the economy. These changes are most noticeable in the field of capital goods production, transport and power. By the end of the Fourth Plan, capital goods worth Rs. 5,000 crores are likely to be produced, of which about one-third in value will be accounted for by machinery production. In particular, we shall be practically self-sufficient in respect of capacity for production of sugar-mill machinery, jute-mill machinery, paper-mill machinery, cement-mill machinery and railway transport equipment and machinery. In heavy electrical equipment like generators, turbines, transformers and power-boilers also, we shall be able to meet entirely or the greater part of our requirements from our indigenous

capacity. Finally, in respect of agricultural machinery like tractors, power-driven pumps and diesel engines also, we shall be producing significantly large quantities. At the same time, our capacity to produce steel castings and forgings, which is essential to the self-sufficiency of the heavy engineering industry, will also be greatly enhanced by the end of the Fourth Plan. We are at present engaged in the task of identifying gaps in our indigenous capacity in respect of many of these items in our pursuit of the ultimate goal of self-sufficiency in manufacture and machine-building.

I shall cite one more example to show how the economic stagnation has been giving way to forces of change. Over the last 15 years or so we have seen the growth of more than 100 new industrial locations acting as magnets for large townships, making the advent of a new way of life in the countryside. The old industrial districts of the country have conurbated, calling for regional planning for industrial complexes. In many such locations basic industries like iron and steel, heavy engineering and refineries have or are giving rise to a large number of ancillary industries and others to which they are feeders. It is true that we have not yet been able to utilise to the fullest extent the opportunities which have been opened to us in this respect. But there cannot be any doubt that we have, for the first time in our long history, been exposed to the self-propelling logic of industrialisation, namely, the backward and forward linkage effects of a number of crucial industries.

There can be no doubt that such significant structural changes in the economy are bound to bring about corresponding changes in the institutional framework. We are however not yet certain of the nature of the latter. As you know, Mahalanobis Committee is at present engaged in preparing the second part of its report on distribution of incomes while the Monopolies Commission is studying the problem of concentration of economic power. When these studies become available, we shall be in a better position to judge the trends than we are at present.

While it is not yet possible to form an accurate judgment of the change in the pattern of distribution of national income among the various classes, such as wage-earners, businessmen, including household enterprises and rent-receivers, an indirect measure of it may be gained from the rising expenditure on

education and medical and public health as percentage of national income. Thus, the development expenditure on education went up from 0.6 per cent of the national income in 1950-51 to 1.1 per cent in 1955-56, 1.5 per cent in 1960-61 and is likely to go up to 2 per cent in 1965-66 and 2.6 per cent in 1970-71. Similarly, the development expenditure on medical and public health went up from 0.3 per cent of the national income in 1950-51 to 0.5 per cent in 1955-56, 0.6 per cent in 1960-61 and is likely to go up to 0.8 per cent in 1965-66 and 1.1 per cent in 1970-71. All this means that the economic stagnation from which we had been suffering for centuries has been broken. The economy is making definite progress, as yet somewhat slow but steady. Even in the field of distribution there are welcome signs of a change in favour of groups of people who are in need of education and health, that is, the least privileged ones.

In education and technical training also there is evidence of a new dynamism. In the field of engineering education the admission capacity in the degree courses increased from 4,120 in 1950-51 to 5,890 in 1955-56 and 13,820 in 1960-61 and is likely to go up to 27,200 in 1965-66 and 38,900 in 1970-71. The admission capacity in the engineering diploma courses went up from 5,900 in 1950-51 to 10,485 in 1955-56 and 25,800 in 1960-61 and is likely to go up to 50,700 in 1965-66 and 68,600 in 1970-71. This is practically a ten-fold increase in 20 years. Similarly, in the field of general education the total enrolment in the primary classes I to V in the age-group of 6 to 11 years went up from 191.5 lakhs in 1950-51, covering 42.6 per cent of the age-group, to 271.5 lakhs in 1955-56, covering 52.9 per cent of the age-group, and 349.87 lakhs, covering 87.7 per cent of the age-groups in 1960-61. It is likely to go up to 512.7 lakhs, covering 77.8 per cent of the age-group in 1965-66, and to 662.07 lakhs covering 87.7 per cent of the age-group in 1970-71. Our progress in the middle stage, that is classes VI to VII in the age-group of 11 to 14 years and in the secondary stage, classes IX to XI in the age-group of 14 to 17 years, is also taking place more or less at commensurate rates, although the coverage of the age-group in these two categories is much smaller than in the case of primary education. The university and college education of the age-group of 17 to 23 years has also been progressing although at a much smaller rate. The enrolment in this case went up from 3.02 lakhs in 1950-51, covering

0.7 per cent of the age-group, to 5.20 lakhs, covering 1.15 per cent of the age-groups in 1955-56 and to 7.32 lakhs, covering 1.5 per cent of the age-group in 1960-61. It is likely to go up to 10.82 lakhs, covering 1.9 per cent of the age-group in 1965-66 and to 14.81 lakhs covering 2.3 per cent of the age-group in 1970-71. This means more than a three-fold increase in primary education, more than a five-fold increase in middle stage education, more than a seven-fold increase in secondary education and again about a five-fold increase in university education over the 20-year period under review.

I finally come to the growth in our administrative capacity which is considered to be one of the major constraints of economic development of backward areas. Not only has our administrative structure become more wellknit and comprehensive, also gained in variety and technical expertise. It is well known that when the British left in 1947, they left the Indian Civil Service of 1200 strong at an active level of 500 officers. Since then the Indian Administrative Service itself has gained in strength. From a strength of 803 in 1948 this cadre went up to a strength of over 2100 in the course of the following 15 years. We were exposed to the field of diplomacy for the first time in 1947 and our diplomatic corps, which is practically a new branch of administration, has been growing in experience and number ever since. Similarly, in the field of technical and economic administration also the last 15 or 17 years have seen many new developments including the opening up of new all-India cadres.

All this means that the Indian economy has already started showing signs of a structural change. Not only in productivity going up but the redistributive tendencies associated with a welfare State are also in evidence. The occupational structure is also undergoing change in favour of a larger proportion of technical people, such as doctors, engineers and technical and economic administrators.

All this change necessarily implies a certain amount of social change and group dynamism. The old social fabric is being rent in pieces and something new is appearing in its place. It is true that what is appearing is not yet whole, but there cannot be any doubt about the change that is taking place. Old habits of time-keeping are giving way before the new punctualities imposed by a growing industrial and urban life. The old methods of going to

and from work are yielding place to much faster, mechanised transportation. This is true not only of large towns and cities but also of an ever-increasing part of the countryside.

I have tried to convey to you so far the evidence of a new dynamism which is abroad in this country. This evidence is not complete, nor is it true to say that there is no counter-evidence, particularly on the intellectual plane, of an urge to cry a halt to all this pace. In recent months the blame for many passing economic ills, such as price rises, food shortages, foreign exchange deficiencies and so on has been laid at the door of planning. I am not saying that planning in this country has been without blemish or shortcomings. But I have no doubt in my mind that all the demographic and economic changes I have described before you this evening, all the structural change that is in evidence in our economy and society today, all the dynamism and the desire for a new life which you and I can see surging around us this very moment, have all been due to economic planning. I can confidently assure you that but for planning we would not have arrived where we find ourselves today. Even this beautiful city of Chandigarh and its beautiful university campus might not have come up but for planning. Not less and less planning but more and better planning is what we shall need in the future. For, as I tried to point out yesterday, we in Asia do not have much time to lose. We are already behindhand in our march for progress and, circumstanced as we are all by the pressure of population and the limited endowment of natural resources, planning alone can shorten the time we might take for our development.

To sum up : In the simplest terms, the economic revolution I am talking about means the re-ordering of the way of life of the vast majority of the world's population which has been condemned to lead a life of disease, squalor and hopelessness since the dawn of recorded history. The great political emancipations and the social upheavals which have been taking place since the American War of Independence and the French Revolution and have culminated through the Russian Revolution in the present-day political independence of practically the whole of Asia and Africa are but the double counterpoints of the economic revolution. Political independence and social change are but overtures to the great diapason which will fill the lives of men with a new meaning. Before the end is reached, however, vested interests and set habits

of mind will have taken their toll. And yet if it is possible today to predict the final victory of this world-wide revolution, it is because of certain irreversible tendencies which have been set in motion. The most notable among these are universal education and universal franchise, the latter despite its occasional set backs here and there. People everywhere are on the march and the burning with a new desire to remould their lives. It is this awareness, this growing faith in their destiny, this sence of power to unmake and remake, this overwhelming feeling of potency which characterise the rising generations today in all parts of the world.

We in India are not outside this world-wide movement. In fact, we are at the very heart of it, for on us depends the success or the failure of a new way to consummate the economic revolution that is blazing in all the continents today. We have chosen a path of development which leaves much to reason and persuasion. If we succeed, reason succeeds; and if we fail, the power to persuade and the capacity to be persuaded fail. We of this generation have a special obligation to our posterity, for we have been chosen by history as the delicate instruments for peaceful social and economic change. If we allow ourselves to be defeated through our own indulgence or unenlightened self-interest, I have no doubt in my mind that we shall be swept aside while the economic revolution will be helped towards its triumphant consummation by stouter hearts.

22

NETHERLAND INDIES*

ASOKA MEHTA

A people struggling for freedom has always evoked India's instinctive sympathy. In 1830, when the Spanish people got a constitution, Raja Rammohun Roy celebrated the occasion with illumination. For over a century we have walked in the Raja's footsteps. Our solidarity with China, Abyssinia and Republican Spain was clearly expressed. But never have we been moved so deeply and passionately as by the gallant struggle for freedom being waged by Indonesia. In that struggle we seem to experience the zest and anxiety of actual participation. That is not surprising. A thousand years of common life bind us together. Indonesia is verily the bone of our bones and flesh of our flesh. Again in the emergence of nationalism and the vicissitudes through which it has grown to robust manhood in the two countries, there is such a striking similarity that the sense of fellow-feeling is exceptionally strong. It will be useful to provide intellectual content to our instinctive sympathy.

Physical Features

Netherland Indies comprise nearly 2,000 islands, the most important of which are Java and Sumatra.

Although about four times the size of Java, Sumatra has only

*An address delivered in Ahmedabad on 9 November, 1945 at a meeting of the Indian Council of World Affairs.

a population of one-fifth of the former. The length of Java island is 622 miles, while its breadth varies from 55 to 121 miles. The area is 42,000,000 square miles giving the astounding density of 1,700 persons per square mile. Lying as it does close to the Equator, Java is a land of perpetual summer. The sea breezes keep the climate equitable and assure sufficient rainfall.

A mountain chain runs from west to east and it is flanked by lowlands that are continuous on the north. Most of the rivers flow northwards, and, barring two, are useless for navigation. The rivers, however, have been fully harnessed for irrigation—nearly 50 per cent of the cultivated area is irrigated.

A little over 40 per cent of the total land surface is cultivated, the rest is covered by mountains and forests.

Ancient Ties

Hindu influence made itself felt from the beginning of the Christian era. From the eighth century, since the days of the Sailendras, Java and India have been tied in bonds of close association. Under the Chola Kings, Java formed a part of an Indian Kingdom. Cultural relations have been even more intimate than political. In literature, *Ramayana* and *Mahabharata* are the staple of the old Javanese. The names of rivers are transplanted : Gomati and Chandrabhaga. Language is Sanskrit. In music, dancing and art the influence of Hinduism is patent. The famous temple of Barbundur is the greatest monument of Indo-Javanese art. The last vestige of Hindu rule lingered on till 1767.

The Colonial Era

Netherlands was the leading commercial and naval power in the seventeenth century. Dutch exports then reached figures that were not equalled by England till 1740. European countries on the Atlantic were furiously engaged in the organization of oceanic commerce. The English East India Company was formed in 1599, and the Dutch East India Company (V.O.C.) was established in 1602. The latter concentrated its energies on the East Indies. Combining political pressure with commercial transactions, it built up a fabulously profitable trade. For two centuries dividends ranging from 12½ to 50 per cent were declared. The oppressive system was not established without a series of serious conflicts with the people of Java. In 1740, the Dutch

carried out a wholesale massacre of the Chinese in Java. Among the various uprisings that punctuated the Dutch Government's career of conquest the most serious was the one organized by a half-caste, Peter Eberfeld. These revolts drained the resources of the Company and it had to be wound up in 1798.

Economic Conditions

The population of the Archipelago is nearly 65 millions of whom 1,40,000 are Europeans and 2,50,000 are Eurasians and domiciled Europeans. The East Indies have been famous for their fabulous riches; illimitable quantities of rubber, sugar, pepper, rice, tea, coffee, oil, iron and quinine flow out of them. 90 per cent of world's quinine, 50 per cent of tobacco, 20 per cent of tin and 10 per cent of oil come from there.

Almost half of Sumatra is held under lease by the Handels-Vereeninging of Amsterdam, the biggest enterprise in the islands. Its Chairman was Dr. Colijn, once the Prime Minister of Holland.

The Agrarian Law of 1870 put an end to the Culture System : compulsory cultivation of sugar cane was abolished and sugar estates were leased to private companies. They were, however, granted the exclusive privilege to use the irrigation water during day, the small peasants being permitted to draw the water only at night. This 'Day and Night' system has provoked continuous unrest.

170 Sugar farm-factories produce one-fifth of the world's supply of sugar.

Of the industries in Java, only 15½ per cent belonged to the Dutch, and 61 per cent was represented by British, American and Japanese interests, the remaining 23½ per cent was owned by the Chinese. Extensive tobacco and rubber plantations are held by American and British 'giants' : U.S. Rubber, Good Year Rubber, Hawaii, Sumatra Rubber, Standard Oil of New Jersey. A significant sector of the economy : railways, coal-mines, etc., is State-owned and managed.

The wages of the workmen are very low : from 5 to 18 cents a day, and till recently forced, labour was common. Even now the system of indentured labour continues. The Government was wont to demand labour rent to build roads, bridges land canals. The Dutch Managers receive extravagant remunerations, ranging from $ 30,000 to $ 100,000 a year.

Till 1929, the Dutch used to draw $ 15,000,000 per year from their Colonies.

The saving grace of the economy is that land is inalienable in Java. No foreigner can buy land; he can only lease it. A peasant cannot be dispossessed even for non-payment of debt.

Administrative Organization

The administration is in the hands of a Governor-General appointed by the Dutch sovereign. He wields greater power than the Viceroy of India. He is assisted by the 'Council of the East Indies' consisting (up to the year 1930) of five members, usually senior civil servants. In 1930, the number was raised to seven, to accommodate two Indonesians.

The islands are divided into 'residencies' which are administered by Dutch Residents. Under the Resident there is a hierarcy of European and native officials. There are two systems of education and two sects of laws and courts—for Europeans and Javanese. The principal native official, under the Resident, is called Regent; he is usually selected from ancient noble families—thus the link with the feudal past is maintained. The real authority is, however, in the hands of 25,000 highly paid Dutch functionaries.

By Act of 16 December 1916, Volksraad or People's Council was set up in the East Indies. It was merely an advisory body that had to be consulted by the Governor-General on certain specific subjects such as the budget, appropriation bills, etc. In 1926 the constitution was revised. Wider legislative powers were given to the Volksraad, and its membership was raised to 60 of whom 39 were elected and 21 were nominated. The franchise is confined to just one per cent of the population.

Emergency of Nationalism

Till fifteenth century Java was a Hindu country. As Professor C.C. Burg of the University of Leiden has pointed out : 'Nowhere in the Archipelago has Hinduism been able to exercise the same steady influence as in Java.' And when the islands were converted to Islam it was done, as Snouch Hurgronje has repeatedly pointed out, by missionaries from India. No ineluctable conflict has grown between the two streams of culture. The Moslem monarch of Java has no objection to reckoning the heroes of the *Mahabharata*

amongst his ancestors next to the Prophet. Ranggawarsita, the last great poet at the Javanese Court, his royal master was still the descendant of Arjun as well as of Mohammad, and the goods of the ancient Indian tales were for him a living reality. It was the Javanese genius, the 'agama Java' that breathed the spirit of reconciliation. There is such a sturdy pride in the past that a Javanese youth is prouder of the glorious achievements of Hindu-Javanese period than of the recent and less brilliant Muslim age. A real territorial nationalism with roots in the layered history of centuries has grown up.

When the Dutch came to the Indies they formed a new superstratum so that the already dualistic society became a tripartite one. For the benefit of their commerce they killed the competitive trade and shipping of the Javanese nobility. The culture-system, introduced by the Dutch, interfered with agriculture and developed into a forced cultivation. It impoverished the peasantry and depressed the nobility. This degradation was insupportable for the proud imperious caste, which considered itself in civilization far superior to the foreign ruler. The inevitable result was violent explosions; the big opposition movement was of Dipanegara in 1825-30.

The political opposition was accompanied by religious and cultural efflorescence. Against the proselytizing efforts of the Christian missionaries the Muhammadans asserted themselves. For years 'prang sabil,' a holy war, was carried on against the alien rulers by the faithful followers of the Prophet. The reformation that was wrought among the Muslims of India by Shah Waliullah, his family and followers, thus, had its counter-part in Indonesia.

With the consolidation of the foreign rule and the spread of European influence there emerged a clamour for re-orientation of outlook—the inspiration came from Sir Syed Ahmed Khan. As Goldziher has pointed out the impetus towards modernism came from India and the tendency was further fostered by the *Manarites* of Cairo.

The third phase, as in India, was of deeper and truer renaissance. The emphasis shifted from innovations, *bida lughawiya* to the removal of corruptions and return to pristine purity—*bida shariya*. Indonesia passed through the three phases—of withdrawal, acceptance and integration—almost contemporaneously with similar developments in India, and always

learning from India.

Political Developments

The years 1909-29 witnessed phenomenal economic expansion in Java : the exports increased twenty-three fold in the two decades. They were also the years filled with political unrest. The old tradition of a saviour, *ratu adil*, coming to free Java continued to our times. Dipanegara had constituted himself a *ratu adil* and there have been endless successors to him.

Since the beginning of this century discontent has been articulating itself through political organizations. The first such organization was *Budi Utama* (Beautiful Endeavour) formed in 1908. It was a moderate body confined to Javanese upper classes, intellectuals and civil servants.

In 1912 a mass organization called *Sarekat Islam* was formed by Haji Samouhoedi. It grew by leaps and bounds and at one time had a membership of two millions. In the war years of 1914-18, political consciousness developed at a rapid pace. The Dutch Government sought to counter it by devices familiar to India. In 1916, the States-General at the Hague promised East Indies much the same progress towards Self-Government as Britain had promised to India. 'Good intentions,' observes Hampden-Jackson, 'paved the way to hell in the East Indies as in India.'

Popular unrest caused repeated revision of the constitution. In the place of centralized government intermediate, provincial, administrations were set up and to each province a representative body was attached. These instalments of reform given in 1922 and 1926 only infuriated the Nationalists. In November 1926 in Batavia the people rose and captured the telegraph office. The movement spread and there was a strike wave between November 1926 and January 1927. The insurrection was suppressed with much violence. Over a thousand militants were exiled to New Guinea.

The Nationalist Movement had been strengthened by the association of the Eurasians. Under D. Dekkar they lined up with the Nationalists through their party significantly named the Indian party—later changed to Insulinde party. There was a progressive radicalization of the nationalist movement and in 1920 the Communist Party was formed. It seceded from the *Sarekat Islam* in October 1921. Seven out of thirty sections of the *Sarekat* went over to the Communists.

The failure of the direct-action movement in 1926-27 compelled the Javanese Nationalists to turn to constructive activities: 40 National Schools were established. As A. Vender Bosch pointed out in the *Asia* in 1936, 'Nationalist Movement in the East Indies has been strongly influenced by the movement in India. It borrowed from India methods and slogans : such as non-co-operation, congresses, Swadeshi.' The constructive work was especially emphasized by the radical wing of the *Sarekat*—known as *Paratoean Sarekat Islam.*

In 1936 in the Volksraad a delegate rose to move a petition to the queen 'to take steps to see that the Government of Netherland Indies was administered in accordance with the terms of Article I of the constitution.' This was a demand for Dominion Status. As Muhammad Thamrin, the moderate leader, commanded 30 votes in the Volksraad, the resolution was passed. But there was no response from the Goverment.

Spasmodic mutterings of revolt continued : from murderous attacks by plantation coolies on Europeans to the capture of a gun-boat by its crew. The militants were getting organized under younger leaders like Drs. Tjipto Hatta, Soekarno and Soemantri. The death of old leaders like Soetamo (in 1938) and Thamrin (in 1941) left the field clear to the younger and more virile spokesmen.

There was a gradual drawing together of the freedom movements in the different islands and in their unity they emancipated themselves from the religious association. Muslim Java and Hindu Bali meet on equal terms in Perhimpunan Indonesia which insists on religious neutrality and advocates secular, federal nationalism.

After the collapse of the Royal Government in Holland and later in the Indies, a proclamation was issued by the Government in exile assuring Indonesia of independence after the war. The Indonesians were to draw up their constitution : something like our Cripps Offer.

The National Movement in Indonesia has grown in the footsteps of India. Today, however, it has forged ahead of us. Indonesia no longer seeks independence but has *declared* it. There is no more demand to quit, but an assertion of it.

23

TOWARDS AN AGRICULTURAL REVOLUTION*

ASOKA MEHTA

Few people pause to think that if the performance of agriculture has been limited in the Second Plan and is going to belie our original expectations in the Third, it is not for lack of emphasis on agriculture. It is to a considerable extent due to the failure of industry, power and irrigation to supply the growing needs of agriculture. In concrete terms, it is the inadequacy of fertilizers, pesticides, farm equipment and other material inputs produced by industry for use in agriculture, insufficient and delayed utilization of water resources and our failure to take the fullest advantage of the increasing supply of power for agricultural uses which are really at fault. This is not to call away attention from some of the lapses which have occurred in agriculture itself, for instance, the slow pace of implementing the land reforms, inadequate deployment of extension services and the lack of a proper price policy. This is meant only to restore the sense of perspective which should govern analysis in this difficult field. In fact, placed as we are, a revolution in agriculture is unthinkable in terms of something happening in agriculture alone. It is to be thought of as a series of interchanges between agriculture and industry with rising intensity, industry supplying the basic needs of material

*Based on the Presidential address to All-India Agricultural Economics Conference, 1964, Vallabh Vidyanagar.

inputs for agriculture, agriculture feeding back its surpluses for the development of industry and industry supplying back the various consumer goods on which the agricultural surpluses can be spent. Any other kind of development can only be partial and will not be in conformity with our view of modernisation of the country's economy.

It is, then, in this double harness of simultaneous industrial and agricultural advance with a democratic mode of functioning as our guide that we are moving towards an agricultural revolution in India. Such a revolution is rather simple to outline. It means a revolution in the yield per acre of our farm lands. But this would involve a very great use of commercial fertilizers, made possible by vastly improved methods of water and pest control. It would involve better cultivation, sowing and weeding of the growing plants. It would involve selective breeding, propagation and distribution of those strains of rice, wheat and other crops grown in this country which respond to heavy dosage of fertilizers. Though simple in outline, such a revolution is extremely difficult to bring about. It impinges on centuries old agricultural practices which die hard. It calls for demonstrations on a gigantic scale of the results of the new techniques of agricultural production. It demands intensive botanical and biological research into untried fields. It requires organizational and managerial innovations in the field of agriculture on a scale large enough to affect the six crore farmers in this country. It is not going to be an easy task.

And yet it is precisely this which happened in Japan during the four decades from 1881-90 to 1911-20. As a result of these basic changes in Japanese agriculture, its agricultural output increased by more than 75 per cent during this period, the area under cultivation increasing by over 20 per cent and yield per acre by over 45 per cent. During this period in Japan the population increased by 44 per cent but the agricultural labour force fell away by 14 per cent. The per capita food supplies increased by over 70 per cent, the output per farm worker increased by more than 100 per cent. The starting point of this agricultural revolution in Japan was also more or less the same as our in India today : over-population, low per capita income; and an average farm of two to three acre of fragmented land.

It is however necessary to remember that what was possible for a small country like Japan with a fair amount of uniformity

among its people is not going to be so easy for us with our vast land, a very large population and diverse culture. It is scientific research in the sense of agricultural, chemical and biological research on the most intensive scale and the application of the results of this research on the widest possible scale which can deliver the goods in future. Once these are organised and brought under control, the other fringe improvements should more or less automatically come in their wake. I mean greater mechanical aids to agriculture and so forth.

That we are moving towards such a revolution can be seen from the tentative targets envisaged for the Fourth Plan. The total plan outlay in agriculture in public and private sectors taken together is likely to be of the order of Rs. 3,100 crores and in agriculture and irrigation taken together, of the oider of Rs. 4,100 crores. The total investment in agriculture in the public sector alone estimated at Rs. 2,400 crores is going to be nearly two and a half times that in the Third Plan, and that of agriculture and irrigation taken together estimated at over Rs. 3,400 crores for the public sector twice that in the Third Plan. In term of specific targets, the area under improved seeds and under green manures would be doubled, the consumption of fertilizers would be trebled, and the area under plant protection measures would be quadrupled. There would be an increase of nearly 50 per cent in area under major irrigation, of nearly 25 per cent under major irrigation and about 70 per cent under soil conservation measures. The coverage under plant protection measures would be nearly half and that under improved seeds nearly 80 per cent. While the coverage under chemical fertilizers is difficult to calculate at this stage, it is estimated that about 40 per cent of our total requirements of nitrogenous fertilizers will be met, thus showing the leeway to be made up in respect of fertilizers in the subsequent plans. The tentative picture outlined above would indicate the enormity of the tasks before the agricultural scientists and the administrators. In short, it means that the results of scientific research on the widest possible scale should be made available by an administrative machinery which is equal to the task, to every nook and corner of our countryside.

That this task is going to be truly herculean can be realised if we remember that the performance of agriculture in the Third Plan is likely to fall substantially short of our original targets.

As against our orginal target of 100 million tonnes for foodgrains production, we are likely to end up with only 90 to 92 million tonnes. Similarly, production of oil seeds is now anticipated to be only 7 to 8 million tonnes against a target of 9.8 million tonnes, and that of cotton 6 million bales as against 7 million bales as originally targetted.

This unsatisfactory performance is primarily due, as I have said earlier, to the failure of inputs for agriculture. As against the target creation of cumulative potential for irrigation 29.5 million gross acres under major and medium schemes, we now expect to create a potential for only 20 million gross acres, of which only 16 million gross acres, may be actually utilized. Against a target production of 1 million tonnes in terms of nitrogen of chemical fertilizers, we are likely to produce less than 500 thousand tonnes at the end of the current Plan. As against a target of 166 thousand units of diesel engines for use in agriculture, we now hope to produce only 78 thousand units.

It is the view of our experts that with the gigantic effort in the field of agriculture in the Fourth Plan outlined before we can hope to increase agricultural output at least at the rate of 5 per cent per annum. Even this modest rate of growth would require over 3 million tonnes of chemical fertilizers, 2.5 million tonnes of iron and steel, 2.5 million tonnes of coal, 5.5 million tonnes of cement and 2.5 million tonnes of pesticides besides a large number of small machines, equipment and other industrial products. According to a recent analysis of the growth of agricultural production during the period 1951-54 to 1958-61, 33 out of the 184 districts for which the statistics were reviewed are seen to have achieved an average annual increase of 7.5 per cent or more per annum and 69 districts out of the total number studied, to have done better than 5 per cent a year. These findings confirm the view that it should be possible to attain a rate of growth of over 5 per cent per annum in agricultural production. What is important is to formulate targets for each one of the 300 districts in our country and execute these plans with the utmost determination. In view of the massive nature of the inputs proposed, the actual results may even be better, provided these inputs are timely. The real problem is to translate technological feasibility into an administrative certainty.

For this purpose we shall have to depend in the years to come

more and more heavily on the extension services of the community development blocks on the one hand and on rural co-operatives on the other. The central task of the Community Development organisation in the blocks is now recognised to be to mobilise the entire rural community and the extension services for sustained and concentrated efforts in order to increase agricultural production. It is true that the Community Development organisation in the blocks includes extension officers not only for agriculture, co-operation and animal husbandry, but also for panchayats, women's welfare and rural engineering. But unless agricultural improvement is made the focal point of all these various services, the real task of dynamising agriculture will never be performed. This does, however, mean that community development activities other than in the field of agriculture are not going to be important in future. In fact, with greater and greater availability of power in the rural areas, many more units for processing agricultural products and their wastes will be set up. Community Development organisation will naturally have to foster these and bear the responsibility of consciously bringing about the long-awaited socio-cultural transformation of the countryside in their wake.

Rural co-operatives will also have to play their part in a more efficient manner in supplying the needs of the farmer. It is not enough to say that the membership of the primary agricultural credit and services societies exceeded two crores at the end of 1962-63. As it is, this compares unfavourably with the figure of the total number of agricultural families which is 3 crores. What is more important than numbers is that their work should be improved in terms of management of business, administration and supervision of units. Large overdues and diversion of loans to non-productive use still continue to plague us. It is a notorious fact of the current pattern of development that farmers having sub-marginal holdings who are preponderant in number are not in a position to avail themselves of the facilities of the co-operative movement to any significant degree. Besides, the weaker and the relatively more vulnerable sections of the community are also not able to take the fullest advantage of the co-operative apparatus. To solve this last mentioned problem two alternatives are being considered : earmarking of separate societies for this section of the community and earmarking of separate funds for special programme for them.

Unless these defects are removed without delay one important aspect of organisation for agricultural advance will remain ineffectual.

Another important organisation parameter is the pace at which land reform measures are completed. The progress in this field has not been spectacular. Administrative arrangements for supervising our land reform enactments have not been adequate and even complete and up-to-date records of rights of tenants do not seem to exist in several States. The consequence of all this been that the poor farmers and the landless labourers are fast becoming the single weakest spot in Indian agriculture, a source of serious disaffection. Efforts are however, being made to implement the reforms in full before the Fourth Plan is launched. States are taking expeditious measures to complete the work in time while the Centre is supervising the progress of the work.

The people who are responsible for the formulation and execution of agricultural policy in this country obviously are not unaware of the many tricky problems. In fact, a number of interesting departures from the past policies have been made in recent times. One such innovation is the emphasis now placed on regional specialisation and area approach, utilising to the full comparative advantages of different regions in the production of different agricultural commodities. Another is the enlargement of the intensive agricultural district programme is an increasing number of districts, the two essential features of this programme being : (a) the development of a package of improved agricultural practices for each important crop based on the latest research findings, and (b) assistance to the cultivator to develop farm production plans. A third is the crash programme in agriculture now under way and the intensification of the production of subsidiary foods, growing of vegetables and poultry farming, etc. A beginning has recently been made in building up a structure of reasonable prices for agricultural commodities, particularly foodgrains, which make agricultural investment worthwhile. A Food Trading Corporation has been set up which along with the Agricultural Prices Commission, which is in the offing, State warehousing and credit facilities is bound to have an impact on production, through a rational structure of prices for foodgrains, lowering of their transportation cost and provision of better storage facilities for them. Finally, the plan for technical training

is also being tailored to the increasing needs of agriculture in the Fourth Plan.

All this, however, means unremitting, back-breaking toil day in and day out for the next few years to come. It is time for us to realise that there is no short-cut to the agricultural revolution. The agricultural revolution of which we conceive today will depend for its success in our ability to adapt ourselves to the different techniques best suited for different regions and different crops, techniques either already devised or to be devised through scientific research and technical advances in differen fields. This adaptation would call for the re-orientation of the human factor in agriculture through continuous education, demonstration and training as well as through the provision of the essential inputs and services to the farmers. It is only if we succeed in making this re-orientation shall be in a position to bring the small farmers and the landless agricultural labourers into the vortex of the revolution. Without them, however, the revolution will die at its birth. I have no doubt that the member of the Indian Society of Agricultural Economics will look upon themselves as the carriers of this revolution throughout the length and breadth of this country.

24

THE POLITICAL BURDENS OF PLANNING

ASOKA MEHTA

The problem of poverty exercised the minds of Indian national leaders from the early days of the struggle for political independence. Men like Dadabhoy Naoroji who wrote his commentary on the problem in his classic "Poverty and Un-British Rule in India" as early as 1901 saw in its solution the real justification of self-rule and responsible government. With the passage of time we have come to realise that it can be effectively solved only through economic planning in a framework of political freedom and democracy.

Thus in his memorandum to the National Planning Committee of the Congress in 1938, Nehru wrote as follows : "The ideal of the Congress is the establishment of a free and democratic state in India. Such a democratic state involves an egalitarian society in which equal opportunities are provided for every member for self-expression and self-fulfilment, and an adequate minimum civilised standard of life is assured to each member so as to make the attainment of this equal opportunity a reality. This should be the background or foundation of our plan." (National Planning Committee, an abstract of proceedings : page 74).

DECADE OF HARD THINKING

This was in fact the result of a decade of hard thinking within the Congress. From the Bombay Session of the A.I.C.C.

in May 1929 to Karachi Congress in March 1931, from then to Lucknow Congress in April 1936 and the formation of the National Planning Committee in 1938, the debate was on. A number of new ideas emerged and it may be said that a revolution in social and economic structure to be brought about through state ownership and control of industry, industrialisation in a big way and reform of land tenure and revenue systems represented the three broad strands in the economic thinking of the Congress at the close of the thirties. This is the background to the detailed economic planning which came after independence with all its refinement of concepts, machinery for execution and the actual programmes of development.

We thus see that the idea of economic planning in India matured simultaneously with the idea of political independence. It was also rightly believed by our national leaders that economic planning could succeed only in a politically independent India. The assignment of this key role to politics in economic development is not surprising if we remember that much of our cultural re-awakening as a reaction to foreign rule can be attributed to our political movement. In art and literature, in social and psychological re-orientation of the people and in economic thinking and practice, politics has played an increasingly creative part ever since the middle of the 19th century. This was not merely because politics provided the focal point of national consciousness, but also because all the new activities demanded organisation and the versatile political leadership of the time could meet this demand for organisation in a surprisingly abundant measure.

A MATTER OF POLITICS

Now that we have achieved our political freedom, it would be wrong to think that politics have exhausted its creative role, particularly in the economic field. In fact, the technological development of the country to the point of self-sustaining growth and the economic and social transformation which awaits it at the end of the first cycle of 25 years of Indian planning is going to be very much a matter of politics. And politics will have to carry a much bigger load in the years to come than it has done hitherto,

It is well known that the Fourth and the Fifth Plans are of crucial importance in the transformation of the country. It is in this decade starting from 1965-66 that we have to realise the broad objectives of self-sustaining economic growth, employment opportunities for all, narrowing down economic and social disparities and guaranteeing a minimum level of living to every family.

When these objectives are achieved a demographic revolution bringing down the birth rate as well as the death rate will take place, the size of the family decline, much greater mobility between different strata of society will become possible. Institutional religion will lose its influence and an enriched educational process will start meeting the spiritual needs of the rising generation. Women will become free and equal partners of men in all walks of life. Exploitation of all kinds will gradually cease and thorough-going industrialisation and the emergency of a fully articulated market economy will open the floodgates of economic growth. There will be a decisive application of modern science and technology in agriculture, mining, transport and industry and new centres of industrial activity will cover the length and breadth of the land. These are the changes that are going to come anyhow in the next 10 or 15 years. These are the changes that follow the inexorable logic of thorough-going technological change and industrialisation brought about by thoughtful economic planning.

UNMISTAKEABLE SIGNS OF TRANSFORMATION

Already we find around us unmistakeable signs of a great transformation. In the economic field, a self-sufficient, low-productive agriculture is giving way to the increasing pressure of monetary incentives and the small-scale industrial structure based on limited markets with which we have been familiar so long is being diversified with larger and large doses of capital intensification. In the social field, untouchability is almost gone and caste has been showing signs of going. Literacy is spreading fast and people are forgetting old taboos. In the psychology of the people itself, whether they live in towns or in villages, we find that a new achievement-oriented motivation is showing itself and the old values of life are undergoing a rapid change. Many of the changes

which are taking place today and are going to take place in future in the wake of further planning not only have an economic origin, but also a political origin. For it is ultimately to the quickly setting crystals of democratic political forms at the village, district, state and national levels into which we are fast re-organising our political life that these economic, social and psychological releases, held up for centuries, are due. Democracy which is but the method of changing society through persuasion and consensus is the wind which is blowing into the sails of our economic, social, psychological and cultural changes and driving the raft of our society towards the sunlit spaces of an open sea.

Some of these changes, particularly the psychological and the technological ones, are going to be painful at the beginning. They will hurt habits of mind and patterns of behaviour practised for centuries. Transformation of tools and techniques, for instance, use of fertilisers, multiple cropping, better farming practices, will be resisted in the initial stages. New types of hardships, such as rising prices or uneven rise in relative incomes, will most certainly ensue. Similarly, when custom loosens its hold on the minds of men, they will probably blink in an uncertain manner, as people do when they go from the dark into the sun.

STRAINS OF DEVELOPMENT

It is this initial resistance to and painfulness of change which constitutes the strain and stress of development which we witness today. The mind becomes a victim of a dilemma. It wants change and yet feels hurt at some of the changes. It wants change because a thousand hunger has been roused. It feels hurt because it is not yet used to the new habits which change calls for in its wake. There is no going back from this state of mind, only going forward. For going back would mean going to the past which is no more, which is only a memory now. The old comfort that was India four or five decades ago is gone and cannot be resurrected. There is no standing still either, for standing still would really mean sliding back in the world scale where all the people are on the march everywhere else. So there is only going forward from here, resolving the dilemma, mastering the change.

Whether these changes will be mastered smoothly and

peacefully depends very much on how politics is played in this country during the next 10 or 15 years. For administration alone cannot help people master it. It does not have an adequate capacity for persuasion, for bringing about psychological adjustment to change. That is the task of politics and politicians. It is here that party cadres play their part. Only if a political consensus is created in favour of change, the strain of the transition may not prove to be too unbearable. If, on the other hand, politics is bitterly divided on the economics of change the transition is certainly going to be more painful than it need be. Not only between political parties, but also within each political party has the debate on change to be carried out fully and a consensus reached at least on the shape of things to come. Once a consensus has been created and consolidated in favour of change, the many changes which are taking place can be properly understood and the people can be assisted to accept them.

In a democratic set-up with a multi-party system, the political cadres have a cybernetic role in ushering economic change. They act upon economic change as a two-way communication system, first, in interpreting it to the people and making them accept it and, secondly, in conveying the response of the people to the political leadership and top-level administration. They have a creative part to play in the sense that they themselves are partly responsible for the framing of policy as well as for the popular response to a given set of policies. It is they, acting through Panchayati Raj Institutions, trade unions, co-operatives and consultative agencies for the public sector enterprises, who create a climate of opinion favourable to change, a community of outlook which accepts and responds positively to change. They are catalysts as well as reactants and the part they play in political life in the widest sense has the greatest significance for the economic life of the nation.

The cadre of the Congress has an especially important part to play, for Congress is the party of change, of transformation. As long as it adheres to its faith in change, its cadre will have to be much more dynamic than any other political cadres. Just as Congress cannot afford to be on the defensive but must always be on the offensive to conquer ever new goals in the vista of change, so must its cadre also be ever on the move, ever on the offensive. For to stand still is to be thrown back. The moment the Congress

sits back and its cadre rests on their ears, that very moment it will be overtaken and left behind by some other more dynamic organisation and more dynamic men. For this is the logic of democracy to which we are now inexorably wedded.

DUTY OF CONGRESSMEN

It will therefore be the duty of the Congress cadre to go to the people and interpret through every possible forum, the village, the block, the district panchayats, the changes that are being sought to be brought about in this country. They will actively participate in the work of propagating family planning among the rural population. They will, to the extent possible, adopt better farming practices and scientific method in agriculture themselves and demonstrate the efficacy of these to the others. They will take part in the activities concerning child welfare, adult literacy and social uplift. They will activise the co-operatives and energise the trade unions. In thought and deed they would each be like a burning torch, full of faith and action. It is only when these live wires are broadcast into the country can we really hope to light up the great conflagration of change which will burn out all that is dross and leave ever-shining all that is pure in us.

In the final analysis, the Congress cadre will have to give account of itself as the cadre of development just as Congress has to give account of itself as the party of transformation. It is only when it is oriented to this historically ordained task will the Congress cadre be in a position to set as the vanguard of that organisational revolution which is the under-frame of the technological revolution now sweeping the country. And only when the organisational revolution is carried to its fulfilment will the transformation of the country in which the Congress has the biggest stake today be complete.

These then are the political burdens of economic planning in this country : to create a consensus in favour of change and to devise a proper code of conduct and action for the party cadre to give effect to the consensus. Such a code should be organised around an undying faith in change, change not for the advancement of the interests of this or that individual, of this or that group, of this or that region, but change in which the entire people

can participate and change by which each and every individual Indian can benefit. And since the broadest shoulders must always carry the heaviest burden, the Congress and its cadre will naturally have to bear the greater part of this burden.

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POLITICS OF DEVELOPMENT

ASOKA MEHTA

Power is the objective of all political action. The Congress as the largest political party of our country is naturally interested in power. There is nothing wrong about this concern to stay in power, for power is a relationship by means of which man can realise or impede the possibilities that exist outside him. What characterises the Congress is a genuine interest in power not as an end in itself but as a means to certain well-defined goals. These goals are best summed up by the word "development." Congress politics is the politics of development. In submitting overselves to a fresh electoral verdict in the course of the next few weeks, we have to bring out this basic quality of our politics.

CONGRESS--THE PARTY OF DEVELOPMENT

For six decades ever since its inception, the Congress functioned predominantly as the party of freedom. During the last 20 years before independence, it became increasingly interested in questions of economic development and sought to find in it the rationale of political independence. But by and large until political independence was won its principal role was as the party of freedom. With the coming of political independence, the Congress has been gradually transforming itself into the party of development. I am using the article advisedly because it is the Congress primarily which has a clear idea of the kind of development the country is seeking and it is the Congress alone that can

possibly translate this idea into practice. It has fought three general elections with development as its main slogan.

Eighty Years of Rich and Varied Experience

It is not necessary to labour this aspect of our politics. A few examples will suffice. A democratic republican constitution based on adult franchise and fundamental rights, unification of the country on the basis of federalism and constitutional guarantees for linguistic and cultural rights, adherence to the secular principle in state policy, and finally, planned economic development, consistent with the ideals of justice, have been the highlights of Congress politics since independence. No one will say that we have achieved an equal measure of success in all these directions. Our performance in the political field has been markedly better than in the economic field, and our performance is the economic field relatively more effective than in the social field. This is understandable. For the Congress has about 80 years' rich and varied experience in active politics whereas its role as an initiator and practitioner of economic reform is barely 30 years old. On the other hand, the task of social transformation is being consciously taken up by the Congress only now, something that is happening for the first time in centuries. But even admitting this different degree of achievement in the political, economic and social field, no one can seriously accuse the Congress of inactivity or backsliding in any of these fields. The Congress has been very much on the move.

Five Essential Ingredients

We have to keep it on the move if it is to continue to serve the people. This we can do only by strengthening its character as the party of development and intensifying its politics as the politics of development. There are five essential ingredients in successful political action : (a) ideology and programme, (b) faith in the ideology and programme, (c) an ideologically-oriented and emotionally tuned cadre which can translate the programme into practice, (d) rules of the game to be followed by the cadre in relation to its members and the outside world, and (e) strategy, particularly in times of crises. In the following paragraphs I make an attempt to outline what we can do under each of these heads if we are to complete the transition of the Congress into the

party of development.

Congress Ideology

The Congress ideology has been shaped over the years by the contribution of great and brilliant minds. It is not to be found in any one place or in any one resolution. If it is, however, to be summed up in a few word one can possibly say that it amounts to a total transformation of the Indian people including their values, motivations and institutions through peaceful persuasion to accept change, through hard work and through equal sacrifice. The political, economic and social facets of this ideology are too numerous and well known to be recounted here but whether it is parliamentary democracy, or planned economic development or a move towards democratic socialism on the basis of consensus or the abolition of untouchability and caste system or universal literacy, everything is ultimately traceable to this over-arching ideology. It is a grand design for changing the contours of the life of one-seventh of humanity, a design based on humanism and faith in peaceful change which differentiates it from the totalitarian ideologies of social change. Our rank and file have to realise this basic difference.

Modernization of Agriculture

Within the framework of this ideology we seek fresh mandates from the people for a five year programme. Naturally this programme has political and social as well as economic aspects. All these different aspects have been carefully defined in the Congress manifesto. I would like to invite attention to only those aspects of the programme which are relatively more important from the economic point of view. In the economic field our greatest need today is that of putting agriculture on a modern and a properly productive basis so that larger quantities of marketable surplus are available as a matter of course rather than as a result of the fiat of the state. For this not only the physical inputs like new high-yielding varieties of seeds, water, fertilisers, pesticides, implements, storage, etc., have to be provided more fully, but such non-tangible inputs as scientific knowledge about cultivation, improved agricultural practices and above all an inducement to the small cultivator to learn new techniques will have to be organised on the widest scale. We have also to

complete the work still unfinished in land reform. Agriculture has proved to be the Achilles' heel of our economic programme and we have to remove this defect in the next five years.

Population Control

Once agriculture is put on modern and productive basis, our dependence on imports of good grains well ease. But this is not enough to restore our economic balance. We have to pursue an intensive policy of family planning for which the preliminary work in research, production and administrative reorganisation has already been completed. We have exposed our countryside to powerful demonstration effects in consumption as a result of which the level or expectations and ambitions in our rural masses has greatly increased. We have now to offset this not only by unleashing equally powerful demonstration effects in production of crops but also by releasing similar effects in the field of population control. It is only through a balance in these three types of effects that the standard of living can be stabilised at a higher level.

Self-Reliance in Heavy Industry

This account of our economic programme will be incomplete without a reference to two other important objectives, namely, the need for achieving larger exports and a measure of self-reliance in respect of our heavy industries. Our exports have to be increased to a level where they can meet the normal requirements of our imports so that our dependence on foreign aid can be reduced in the next few years. Another way of reducing this dependence is to quickly put through our existing schemes in heavy industry and bring them to a productive phase in the course of the next five years. All these measures presuppose a degree of planning, co-ordination and intervention by the state in selected areas. The Congress ideology does not allow the state to run away from its basic responsibilities towards the people.

Our national leaders will be invariably placing the Congress ideology and programme before the people in their election work. What is important is to see that this is put across to the electorate on the ground level in numerous group discussions and door-to-door canvassing.

Involvement in Concrete Work

I shall now turn to the question of faith in our ideology and programme. Faith does not come automatically from the mere contemplation of ideology and programme. It is built up bit by bit in people who are actually implementing the programme and seeing the gradual unfolding of the ideology in concrete situations. This calls for involvement in concrete work. We, as Congress workers, have, therefore, to take responsibility in whatever ways we can in whatever situations we may be placed—be it in the Village *Panchayats*, Block *Samitis*, *Zila Parishads*, trade unions, cultural organisations or professional bodies. Only thus can we build up faith in ourselves, in our programme and in our ideology. Without that faith the ideology and the programme are like a powerful engine without fuel.

Activising the Cadre

As in the case of all democratic parties our cadre is also somewhat loose-jointed and amorphous. It comes to life only before elections and once the elections are won it resumes its posture of relaxation. If the Congress is to complete its transformation into the party of development, the cadre has to become much more animated, active in its daily routine tasks and more intimately associated with actual development work. The election time as a suitable time for renovating the cadre in a democratic party, for it provides opportunities for making contact with younger people, many of them voters for the first time. While the campaign is on we have to see that these young and enthusiastic people are taken in hand by those who are in positions of responsibility and put in actual developmental work in the coming years.

The Rules of the Game

For a democratic party dedicated to the ideal of development the rules of the political game are apt to be extremely complex and difficult. Internally, in view of the continuous process of transformation of the party from merely a power machine to the principal developmental force in the country, there is apt to be, at least for sometime to come, a parting of the ways simultaneously with consolidation based on a belief in development. Old

ways of acting and reacting are bound to run counter to the new demands of a constantly changing situation. In all this process of change, defoliation and refoliation, however, the party has to keep its democratic spirit alive, the spirit of discussion and open persuasion. The attitude towards others is more easy to define. In the wide spectrum of political belief and action in our country we have divergent groups, ranging from those which have set their face firmly against development and in favour of maintaining the *status quo* either through democratic or pseudo-democratic means to those which are contemplating development through social upheaval and turmoil. With those who believe in the principle of persuasion and peaceful social change the Congress has no quarrel. But it can never agree to either slackening of the pace of development or to a subversion of the method of peaceful social change in order to bring it about.

Strategy in Crises

Finally, I come to the question of strategy, particularly in times of crises. In certain ways the present time may be regarded as a time of crisis inasmuch as some of the hidden pressures of the economy have come out in the open and made the task of development much more difficult than we had suspected even a short while ago. But the entire developmental phase of a country is never really free from such critical conjunctures. It is only when a country has been fully developed politically, economically and socially that it can hope to be on an even keel and face its tests with a measure of equanimity. We in India are yet far from such a position and the going is likely to be extremely rough in the next few years in every field, economic, social and even political. This is because every single act of development is going to hurt somebody or other or some old attitude or other. How to minimise the pains of change and make them bearable while its pleasures are yet to reveal themselves in their full glory is the task of true leadership. The Congress can provide this leadership much more than any other party in the years to come. This is because it has attained a degree of political maturity and strategic sense which comes to an organisation shaped by the greatest minds that a whole century has produced.

It is to this challenge of providing statesmanlike leadership for the next five years that we in the Congress have to offer a

fitting response. We can do not merely by winning the elections at the Centre and the States by a thumping majority—that we will probably do in any case—but by sharpening the profile of the Congress as the only party of development in this country.

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THE NEXT TEN YEARS : A SOCIO-ECONOMIC SKETCH

ASOKA MEHTA

The next ten years are going to be the most crucial ones from the point of view of economic and social transformation of our country. Coming as the concluding decade of the first cycle of our planning, they will have to bring the present transitional phase of our economic and social development to a successful close and lay the foundation for a self-reliant society.

TRANSITIONAL CHARACTER

There is no doubt about the present transitional character of our society. Thanks to 15 years of planning, the traditional nature of our society has been broken once for all and in every field of action—political, economic and social—there is stirring of a new life.

To take a few examples from the economic field. Before independence the rate of increase in national income was for decades hardly more than one per cent per annum. Between 1950-51 and 1964-65 our national income increasd at a compound rate of 3.8 per cent per annum, the rate of increase during the First Plan period being 3.4 per cent, that during the second plan period being 4 per cent and that during the first four years of the Third Plan period being 4.4 per cent. At the time of independence barely 5 per cent of the national income used to be saved and invested. The proportion of domestic savings and investment to national income

is now 11 and 14 per cent respectively. In respect of infra-structural facilities, between 1950-51 and the present time, installed electric power capacity went up from 2.3 million kw to over 10 million kw and the freight carrying capacity of the railways from 93 million tons to over 200 million tons of organising traffic. In agriculture, between 1950-51 and 1964-65, production of rice increased from 22.1 million tons to 38.7 million tons, that of wheat from 6.8 million tons to 12.7 million tons, that of cotton from 552 thousand tons to 960 thousand tons and that of jute from 631 thousand tons to 1,080 thousand tons. Land under irrigation from major and medium irrigation projects increased from 23.8 million acres to 36.5 million acres during this period. Fertiliser consumption went up from a level of Rs. 70 million to Rs. 825 million in value while consumption of pesticides increased from Rs. 20 million to Rs. 120 million in value. Consumption of electricity in agriculture increased from Rs. 20 million to Rs. 140 million in value while that of fuel oil increased from Rs. 45 million to Rs. 251 million in value. If we are suffering from a food shortage now, that is not because there has been no progress in agriculture, but because the progress is not commensurate with the large increase in our population. The index of industrial production went up from 74 (1956=100) to 175 over the same period. More specifically, under ores and fuel, production of coal increased from 32.6 million tons to 64.3 million tons, that of iron ore from 3 million tons to 15 million tons, that of crude oil from .26 million tons to 2.13 million tons and that of bauxite from 65 thousand tons to 613 thousand tons. Under chemicals, production of sulphuric acid went up from 104 thousand tons to 695 thousand tons, that of caustic soda from 11 thousand tons to 191 thousand tons and that of drugs and medicines from Rs. 150 million to Rs. 1,350 million in value. Under metals, production of finished steel increased from one million tons to 4.4 million tons and that of aluminium from 3.7 thousand tons to 56 thousand tons. Production of machinery increased from Rs. 106 million to Rs. 2,310 million in value over the same period.

SOCIAL TRANSITION

The figures of macro-economic growth as well as those for infra-structural, agricultural and industrial growth which I have

indicated above illustrate the unmistakeable fact of our economic transition. In the field of social transition, one sure index is that of literacy which increased from about 16 per cent in 1950-51 to 24 per cent in 1960-61 and would be over 30 per cent now. Enrolment in primary schools which was 19 million and covered only 43 per cent of the age group 6 to 11 increased to nearly 52 million covering almost 79 per cent of the age group by 1965-66. The enrolment in middle schools increased from 3.12 million to 11 million and that in high schools from 1.22 million to 5.24 million over the same period. Enrolment in arts, sciences and commerce courses at the university stage increase from .3 million to 1.10 million while the admission capacity in technical education increased from 5,900 and 4,120 for diploma and degree courses respectively to 51,450 and 27,850 respectively over the same period. During the First Five Year Plan we completed work on the establishment of national laboratories for physics, chemistry, metallurgy, fuel, glass and ceramics, food technology, drugs, electro-chemistry, road research, leather and building research. At the beginning of the Second Plan apart from research departments in 33 universities we had 16 national laboratories and 54 associations of scientific and technological research. By the end of Second Plan period we had 26 national laboratories and research institutes while during the Third Plan period we strengthened research in aeronautics, development of scientific instruments, petroleum technology, public health engineering, mechanical engineering and medical plants. Finally, turning to health, we find that the death rate fell from 26 per thousand in 1950-51 to 16 per thousand at present while infant mortality rate fell from 154 to 109. The expectation of life at birth increased from 33 years to 45 years. The number of medical colleges increased from 30 in 1950-51 to 85 at present, while annual admission into them increased from 2,500 to 11,500.

INTRODUCTION OF TECHNOLOGY

It is the large scale introduction of technology which I think has provided the most important dynamic to our economic and social transition during the last 15 years. Technology has not only opened up the viaducts of economic growth but is taking an increasing share in social transformation. In the last analysis

our planning is but an ordered and sequential application of a complex of higher forms of technology to all departments of life. In the economic field, the fast development of infra-structural, industrial and chemical technologies has opened the door to the application of a higher form of agricultural technology in a big way in the immediate future. On the social plane the stage is now set for the application of advanced techniques of psychology, sociology and anthropology in order to bring about a change in the attitudes and motivations of the people and of new educational techniques for revolutionizing the learning process. Once the results of the application of higher forms of agricultural technology and of advanced social and educational techniques insect, there will be a complete transformation of our society.

ECONOMIC AND SOCIAL ADVANCES IN THE NEXT TEN YEARS

The next ten years will see the first beginnings of this total transformation. In the economic field itself one can visualise a number of significant changes. National income will be practically doubled along with a doubling of the rate of savings. One consequence of this devevelopment should be the assurance of a sensible minimum level of living to every citizen. Another will be the gradual emergence of the country into an era of economic independence defined strictly as independence of the urgency for foreign capital investment. Secondly, the rate of population growth which has remained practically uncontrolled at 2.3 per cent per annum at present, will, as a result of the massive family planning measures now under way, be arrested and start showing a downward tendency, so that 15 or 20 years from now it will fall below 2 per cent per annum. This in itself will be a revolutionary change having an impact on the rest of the economic field and in every field of social action. Thirdly, the infra-structural development in power including atomic power, transport and communications will reach a stage where self-sustaining economic growth can be practically essayed. Fourthly, a structural change in the economy in the sense of a reduction in the proportion of active manpower engaged in agriculture in favour of industry and tertiary activities will become evident for the first time. Fifthly, agriculture will come out of its traditional state of stagnation and start responding

adequately to material and non-material inputs on an increasing scale. Sixthly, metallurgical, machine building, chemical, electronic, atomic and defence industries will be fully developed and lay the foundation of self-reliant economic growth. Finally, in the sphere of economic organisation, the co-operatives will fully cover agriculture, cottage and small industries, trade-unionism will enter an era of responsible co-determination in industry, private sector will be fully extended to its maximum potential and public sector in full possession of the commanding heights of the economy.

In the field of social development, the next ten years will see the stabilisation of the death rate at a reasonably low level to which birth rate will be approximating in the course of the next 25 years. Secondly, universal adult literacy should be achieved. Thirdly, primary education should become universal and secondary education should cover at least 50 per cent of the age group appropriate to it. Fourthly, technological and university education will become fully matched with the requirements of economic and social growth. Fifthly, mass media communication such as the radio will become a universal feature while television should cover at least 25 per cent of the geographical area of the country. Sixthly, the special privileges for the scheduled castes will become redundant with their attainment of a level of equality with the rest of the community while economic and social development of the tribal areas will open up a new life before our tribal communities.

GREATER PURPOSIVENESS AND DEDICATION REQUIRED

All this cannot however happen automatically. There has to be a sense of purpose, a sense of achievement and a sense of sacrifice in order to realise these eminently feasible objectives. I shall give but one instance of each. In the field of social consumption, namely, education, health and social welfare of the underprivileged sections of the community, we have to be motivated by a much more urgent sense of purpose than in the past if the rudiments of an equal and just society are to be achieved in the course of the next ten years. We have to expand our public sector enterprises in the chosen fields with a such greater sense of achievement if their efficiency as an instrument of

economic and social goods is to be maximised. Considerations of efficiency and achievement will also dictate the supplying to the maximum possible extent of new skills, tools, productive inputs and varied facilities to the bottom 40 per cent of our rural community which is economically in a depressed condition. Finally, not only the rich few but also the relatively larger number of better-off people such as those enjoying an annual income starting from a level of, say, Rs. 5 or 6 thousand a year in the country-side as well as in towns and cities will have increasingly to bear the burden of the economic and social development during the next 10 years.

THE ROLE OF THE CONGRESS

As the largest and the most responsible political organisation in the country we in the Congress have a special part to play in strengthening the existing organisations at the national, state and local levels which can generate the political, economic and social momentum for achieving these ends. The importance of such an all-round organisational effort becomes evident if we pause for a moment to consider the very desirable political and diplomatic consequences of our full economic and social tranformation in the next ten years. In the political field this will mean a lasting victory of the democratic ideal with its concomitant of freedom with equality. Within the country there will be in consequence a greater sense of participation in nationhood based on universal bilingulism, rational state boundaries capable of full-fledged regional economic and social development and a reorientation of the focus of political action of different parties on economic and social advance. On the international plane such a prospect of economic and social development as I have sought to outline above will bring about greater economic co-operation among our traditionally friendly neighbours along with the possibility of a lasting understanding with those of our other neighbours who have for one reason or another chosen so far to ignore that tradition.

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THE POLITICAL CADRE OF DEVELOPMENT

ASOKA MEHTA

We are today at the midpoint of a total transformation of our economy and society. The process was started with the winning of freedom and the introduction of universal adult franchise. Then three five years plans, one after the other, have brought a sizable increase in our national income, given a great spurt to investment in all fields including the social, and resulted in the production of a very large variety of commodities including all kinds of investment goods while the economy has become partially or fully self-reliant in respect of many import items.

REMOVING THE PSYCHO-SOCIAL LACUNA

No mean achievement, this has not been easily accomplished. People have had to make great sacrifices for bringing about this change. Taxes have been borne cheerfully and rises in prices have failed to break the morale of the people. Even two external aggressions within three years have not succeeded in slowing down the march.

All this, however, has brought us only halfway through, for we have to go much farther. In social matters our progress has been slower and in psychological re-orientations to the demands of change, our response somewhat tardy. The next half of our journey will become easier only if we are able to remove this psycho-social lacuna of our movement for a better life.

The agents which bring about basic changes come from different strata in different societies. In Japan and Germany it was a feudal but modernised aristocratic class which was the change agent. In Soviet Russia it was the party which was the instrument of change. In a democracy of diverse traditions like India, however, it is idle to expect that any group of people will be able to bring about pervasive social change with unquestioned authority. So far technicians and bureaucrats as well as the professional politicians and policy-makers have had a chance, but in the years to come their contribution will prove of limited usefulness unless strengthened by a truly broad-based interest in development.

Let us consider the role of the present-day Congressman *vis-a-vis* development. He is either taking part in the counsels of the party, somewhat isolated from the facts and figures of development, or he is a policy-maker in the legislature or in the cabinet in which later case he is also an executer. In all these roles he functions more or less as an ideologue for development, a pedlar of a ware in which he has no personal involvement. It is true that in some cases he may also be an entrepreneur or an active member of co-operative, but in that case his immediate interest is too pressesposing to allow him any vision of society as a whole and the direction in which it is moving. It is this divorce of idea from action, of ideology from programme which inhibits an understanding the whole process of development. Unless the Congress is able to build a bridge between the two, the psycho-social tasks of development in this country in the next 10 or 15 years will go by default.

THE NECESSITY OF PHILOSOPHICAL INVOLVEMENT

The time has come to realise that in order to fight the battle of development to a finish it is not enough to be good Congressmen. It is not enough to be apologists of day-to-day Government policy and action, the protagonist of the moment. It is important to be imbued with an idea of a process, of a beginning, a middle and an end of the mighty transformation which is taking place in and around us. It is necessary to be involved, not merely on a mundane basis, but on an enduring and

philosophical plane. Only then will the true political cadre of development emerge from the ranks of the Congress.

The present crisis highlights the need for such an organised cadre. In future when prices threaten to rise further and taxes become unbearable, this cadre has to be with the people and interpret the Congress to them. It has to point out that all the sacrifices that are made today will not go in vain, that a society will arise out of the ashes of the old which will be resplendent with plenty and prosperity. Today, this prospect is not a matter of faith any more as it was 10 or 15 years ago. It is practically round the corner for anybody to see. It will be wrong to think that we have to somehow keep our body and soul together, somehow to keep the wolf away from the door for the day. There is no short-cut to economic growth and maturity. We have to pay the price for it in full measure and whatever else we proposed to do in any other field, be it defence or be it social change, it can come only through economic growth and maturity. The political cadre which I have in mind has to realise this truth and interpret it to the people.

CONGRESSMEN AS AGENTS OF CHANGE

The political cadre of development which I have in mind is the psycho-social change agent that every society requires at its crucial turning points. Congressmen can fill this role much more easily than others because they have a long experience in this kind of work. What is needed for them is to keep in touch actively with certain actual development projects on the one hand and with the larger processes of decision-making and discussions on the other.

Congressmen will succeed in their new role if they are able to operate on this double plane at the same time. One plane of existence will be their day-to-day involvement in acts of development and the other will be the plane of faith in development as a process. Our society is just at the point of becoming an open house and the political cadre of the future will embrace not only professional politicians, ideologues, technicians and bureaucrats, but also managers and businessmen, trade unionists, peasants, workers, professional people including teachers. The Congress

must take them all into its fold.

Democracy already provided us with a means of reasoning in society. It is to the political cadre which combines reason, faith and action that the future belongs.

28

ROLE OF INFORMATION IN OUR DEVELOPING ECONOMY*

ASOKA MEHTA

I

We refer time and again to the importance of information services and of plan publicity. These help us in conveying our message to the people; they provide the instrument for involving them constructively as active participants in developmental tasks. The publicity part (of planned development) was outlined with his usual sureness of touch by Pandit Nehru in one of the earliest of his fortnightly letters to Chief Ministers :

> "It is no good my complaining, because it is our fault if we cannot put across to our people the magnitude of the work that is being done in India at present. The Planning Commission brings out some material which is usually bulky and heavy. I hope they will come out with something lighter and more easily read. I am anxious that we should reach our people in the villages as well as in the towns with some kind of a record of the work that has been done and that is going to be done. Ultimately, what counts is the approach to our rural millions . . . This will include not only great works like

*Address at New Delhi Conference of State Ministers of Information, July 20-21.

the Damodar Valley, Bhakra-Nangal, Hirakud, etc., but also the Community Projects and the numerous smaller projects and distances of voluntary labour and the like in building canals, wells, roads, etc. It is not enough to give just a glimpse of something being done. It should be a longer and more educative picture and it should be taken in mobile vans to remote villages . . . By this means also, we shall produce that understanding and enthusiasm that we wish to develop and, at the same time, a certain unity of outlook in our national planning."

This is what Pandit Nehru had said in the very third of these letters, written on March 3, 1953.

This point has been well taken in the Planning Commission. In the First Five Year Plan, the Commission said : "A wide-spread understanding of the Plan is an essential stage in its fulfilment." In order to achieve this understanding, the First Plan recommended that all methods of communication had to be developed and the people approached through the written and spoken word, no less than through the radio, film, song and drama. The First Plan further says : "Above all steps have to be taken to provide literature and information for the people in simple language on a scale equal to the needs of the country."

Assessing the progress of Plan publicity in 1956, the Second Five Year Plan emphasises that "the Plan has to be carried into every home in the language and symbols of the people and expressed in terms of their common needs and problems." The Second Plan also outlines the measures to put across Plan publicity through the mass media of communication. Similar emphasis has been laid in the Third Five Year Plan.

II

Before we consider the impact of plan publicity, I would like to take up the slightly different problems of co-ordination and co-operation. I would also touch upon a few day-to-day problems. If the instances given seem minor and even time-barred, they still have a point. I hope they will illustrate the areas of light and shade and darkness in our activities.

We took great pains last year to take press parties to the

battlegrounds in Punjab and Kashmir. Did we think only of correspondents in Delhi or also of publicity officials in States and in departments which were later to produce slogans, folders, pamphlets and books on the conflict ? When Dr. Lippes gives a press conference in Delhi or Madras on the loop, do we cast our net wide so that script-writers on family planning programmes have a view of the man and the benefit of his loud thinking ? Would it be useful to have, at the end of a radio talk in Tamil on family planning, a closing announcement which also says that anyone with more interest in this subject can obtain a booklet from the Station Director of All India Radio, Madras ? Shri Raj Bahadurji has worked out an ambitious programme for films and pamphlets on the progress of our Plans. It is for us at the Centre and in the States to sit together and so co-ordinate their production that all the language versions of films dubbed in our tongues and major dialects and of publications come out almost the same time and create an impact on the public mind. Is our publicity work tuned to the needs and conditions in each district ? Or in an area affected by water shortage, do we continue to speak of the Tashkent spirit and the International Co-operation Year ? Is it action-oriented or caught up with personalities ? Does our programme planning for the radio network follow a pattern and purpose in terms of what our listeners ought to get from a public service undertaking, or do we live, intellectually, from hand to mouth ? Are we content with statements that we have printed off so many million copies of pamphlets in so many languages ? Or do we also take care that all the parcels dispatched reach their destination, that they are opened by publicity officials, and distributed among the right kind of audience ? Do our field staff from the Centre and the States co-ordinate their work before they find themselves face to face in the same fair or *mela* ? . . . De we have any technical and professional cells and planning and co-ordinating units in our information departments ?

Our main task is to use publicity media as an instrument of social and economic change. *But there is so little of developmental news in our newspapers.* Short as they are of newsprint, the proportion of news about our achievements and failures in Plan implementation can certainly be more than today's *low level of three per cent.* Politics and personalities may continue to hit the headlines. *But there should be sufficient stake in the country's*

development for our publicity personnel to put across all the goods news. The other day, there was a full page of stories in the Manchester *Guardian*, spelling out what is right with Britain : it gave facts about British successes in science, industry, exports and other walks of economic life.

Even as we indulge in self-denigration, others are working hard to enthuse their people for big tasks on the basis of very minor and even doubtful achievements. If one surveys the Chinese press for a couple of days, one comes across headlines of this kind :

> "China Produces Fire-proof Concrete."
> "Youth Plays Big Role in New Industries in North-East China."
> "Young Lathe Turner Explains His Technical Innovation."
> "New Irrigation System Opened."
> "Peasants Devise Improved Farm Tools."
> "Forestry Workers Flank Desert Railway With Trees."
> "Young People at Work in Mountain Areas."
> "National Conference on Sewage Disposals."

This is a story which I might read out at some lenth :

> Peking, April 15, 1966
>
> "Forty-three Chinese cities are today developing agricultural irrigation through utilisation of treated, urban sewage. This is in line with government policy in every sphere of making the harmful harmless, and turning it to good use."
>
> "A national conference on the subject was held recently by the Chinese Ministry of Building Industry in Tientsin, North China."
>
> "In the past few years, the utilisation of liquid waste has played no small part in raising farm yields on the outskirts of Chinese cities and in the districts. Industrial waste and water taken from city drainage systems contain rich organic fertilisers, such as nitrogen, phosphorous and potassium."
>
> "The waste water drained every day by Shihchiachung, an industrial city in Central Hopei, yields a total of about 45 tons of ammonium sulphate. All the city's sewage is now being utilised in irrigation work."

"Statistics show that farmland watered by the treated sewage can increase its yield by more than 15 per cent. In Sian, Northwest China, wheat and maize yields on more than four thousand hectares of sewage-irrigated farmland have shot up 20 per cent, while cotton output has increased by 4 per cent.

"The conference agreed that in China the utilisation of treated sewage promised wide scope for development. Sources should be further exploited by the full mobilisation of and reliance on local initiative rather than dependence on State funds."

This kind of journalism has no sensation about it. But its dead seriousness of purpose cannot be denied. Can we in Government take the pains to collect and publicise facts of this kind? *For, thousands of good things are being achieved each day in our fields and factories, schools and hospitals, laboratories and secretariats.*

III

Where the big projects are concerned, it is easy to look upon publicity as part of the progress of the plant or project. Proper understanding about the project in the area where it is located and among the people affected by it for good or evil will increase this speed and efficiency of its implementation. The people whose villages are being submerged by the waters of a dam should know why it is necessary to have the dam.

In the rural areas, the theme and content of our publicity work will have to have a direct bearing on local life and conditions. The first concern of the people would be to find out how they can profit from the developmental programmes. So our publicity has to be integrated with these programmes and projects, such as the measures to help the farmer with credit or better seeds or fertiliser or irrigation water. This would mean that our district publicity officers have complete details about the programmes in their districts.

While there is room in all our languages for publications based on material from the Planning Commission and the Information and Broadcasting Ministry, there should be an equal

emphasis on reporting and highlighting regional achievements. *Granted a commonnes of approach to the basic problems, our language publications and broadcasts should have their local habitation and name, their own colour and flavour.* Over the next few months, much of our publicity effort will be bent in support of agricultural and family planning programmes. We should take care to see that there is no proliferation of publicity functionaries working in isolation. *Like multipurpose co-operative societies, we should be multipurpose information personnel.* With the district publicity officers to co-ordinate, officers in charge of departmental work or belonging to developmental agencies should be represented on the district committees. The district information officers should be requested to provide developmental news to the nearest All India Radio station and to publications devoted to Plan progress such as *Yojana*. The information staff should function directly under the Director of Information and not under the Director Collector, if we want them to be free to devote all their time to genuine publicity work.

There is also need for special information literature for schools and colleges and for newsletters prepared with care for use in community development blocks. We have every hope in the Planning Commission that as soon as the language editions of *Yojana* make appearance, there will be a special section catering to the interests and activities of students in high schools and colleges. Immediately, we propose to have some pages devoted to village industries.

Steadily, we should carry the Plan publicity organisation to the block level as it has been done in Punjab and Bihar. As an essential supplement to this, publicity work, often casual and erratic, should be regularised *by establishing contact points in villages*. It should not be difficult for officers to visit them regularly and maintain their mass contact. *It is with the district as a focal point that work of studying public reactions should also be organised.* You might like to consider if a monthly report should not go from our district publicity officers to the State headquarters and to us here, giving information initially on the following points :

1. General economic condition in the district;
2. Reaction of the people to policy decisions of the Central Government;

3. Reaction of policies of the State Governments; and
4. Grievances of people in matters relating to planned development.

Both at the Centre and at State headquarters, these reports should be scanned, and remedial, responsive action taken.

Our official machinery cannot reach out to the farthest corners. We can, however, appoint people drawn from and respected by their neighbourhood as honorary publicity organisers and supply them with publicity material. They will not be social upstarts. They will speak the local dialect or language. They will not be looked upon by the rural people as strangers or *declasse*. Some element of honorarium can be introduced to encourage them—and to ensure that they visit villages, hold group meetings and prompt discussions. As experience in Orissa suggests, these *soochana sahayaks* can be of help to the district and block publicity officers as informal opinion-leaders who are trusted as members of their own groups and become an important link in the process of communicatoin and decision-making.

Another method of direct, day-to-day contact with the people can be organised if a few of oui radio stations were to devote a fixed hour once a week to a particular district and its problems. If we have ten such radio stations devoting an hour a day for five days in the week, it should be possible for us to service fifty districts intensively and cover all their developmental problems and activities. All India Radio's farm and home service is another good beginning, but our failure to raise the number of rural forums is a cause for some anxiety. The prior need may be of a people's radio—a wireless set which is cheap and dependable. Or of the provision of community listening sets, not one for each village, but one for four or five families. If the villagers appear to be prosperous and sport a transistor, there still are our Harijan and tribal people and landless labourers who lack the boon of a community set. Also, we must keep our own staff, like the village level workers, well informed by giving them listening sets. Even as we ask for more resources for such worthwhile schemes, it is very poor showing to allow, according to the Amarnath Vidyalankar Committee's report, nearly 40 per cent of the sets to remain idle for want of a battery or repairs. Maintenance seems to have improved, since 1.11 lakh sets were reported last March

to be in working order out of a total of 1.45 lakh community listening sets.

IV

I have touched upon some aspects of our recent experience and drawn a few tentative lessons from this history for our future guidance. Let us now have a quick, final look at the extent and impact of our information services and plan publicity. The Vidyalankar Committee has shown up to us in detail where our failures and lackings are. There is no need to refer at any length to the Vidyalankar report. You are familiar with it. In the first instance, *we have not provided enough funds for publicity.* We talk of its importance but have usually denied it the necessary sinews and status. As we anticipate it in the Planning Commission, the total Third Plan outlay on information in States and Union territories would be Rs. 4.41 crore. Their total outlay during the same period was Rs. 4,110 crore. At the Centre, the Ministry of information and Broadcasting has spent on new and developmental activities Rs. 104 lakh in the First Plan, Rs. 436 lakh in the Second Plan and about Rs. 200 lakh in the Third Plan. *This is less than one-sixth of one per cent of our outlay in the public sector.* When we discuss the subject in our State and Central Plan documents, *we dismiss information and plan publicity as belonging to the second order of the smalls, under the hold-all heading "Miscellaneous." It is not surprising that the returns we get in terms of popular awakening and participation are as poor.* If one needed some consolation, it is to be found in that for most States and for most of the years at the Centre, *the actual expenditure has been falling short of what was made available.* Probably our plans to develop information facilities and to train and position publicity staff are not ready in advance. We have not yet planned for a phased development of information channels after a full study of priorities and needs. We merely spread inadequate resources thinly over a wide range of high and low priority activities.

We may find more funds during the Fourth Plan. Simultaneously, we must ensure that *the fullest use is being made of the existing staff and equipment.* Do our projectors and vehicles remain out of use for lack of minor spares and on account of

primitive administrative rules ? Does the information officer find the time to tour his district for some fifteen days each month or write features and articles ? Or does he have to hang most of the time around the district collector's or Minister's office ? I am only too keenly aware that many of us handle more than one portfolie—and some occupy the high office of Chief Minister in addition to being Information Minister. But we must find time for serious attention to the problems of the information departments from which, quite often, information officials are conspicuously absent. In Delhi, we have been thinking of some senior persons to be given the additional assignment of meeting queries from newsmen, radio correspondents and others on the activities of Ministries and departments. It should be our concern to make the right selection, lest pure and simple administrators have to work also as prefessionally trained information officers. On the other hand, the Centre and States should have a hard second look at our recruitment and promotion methods. In case we give this assignment only to publicity officers, we must have enough of them with the right kind of highly skilled professional competence and mental alertness, with an understanding of publicity methods as much as problems of their departments.

My second point is what the Vidyalankar Committee describes as fragmented, diffused and directionless publicity efforts. *We do not have proper professional study and research.* We do not have scientific planning in respect of methods and objectives or of immediate tasks and long-term strategy. And there is insufficient co-ordination. If we take a major step like devaluation, do we take care to think out what facts will need to be put across to the citizen in order to explain the reasons for taking the step ? Do we associate, at a proper stage in our policy-making, officials in the information field, so that they are fully aware of how the minds of policy-makers are moving ? Devaluation is an extreme case and the utmost secrecy had to be kept. But, administratively and functionally, *we still sometimes act as if the administrator in the secretariat knows best and the publicity officer at the radio station or in the field has merely to justify to the common man the ways of the authorities—be they District Magistrates and Deputy Commissioners or Ministers.*

Over the next few years, we shall have to introduce new facilities and techniques in publicity, wherever possible, taking

into account the area-wise five-year programme for agriculture, education, industry and transport facilities. A good part of our publicity work begins and ends at the wrong point, catering only to the urban areas and based on a headquarters view of publicity problems. *We should work out the needs district by district and seek to provide vehicles, projectors, pamphlets, auxiliary radio stations and staff as found necessary from these studies.* I have no doubt we shall then also change our training methods and organisations and plan with our feet on the ground. We should not have too many unplanned and ineffective staff training schools. While publicity about agriculture and family planning is most crucial, we should take care not to have new and parallel publicity outfits with their own directors and commissioners and jeeps and projectors—while some with long field experience and contacts feel frustrated if virtually they sit idly by.

We function under many handicaps, especially on account of inadequate equipment. We also are only too well aware of the efforts being made by the Prime Minister and Chief Ministers to cut down non-Plan and non-development expenditure. This means, in one context, that *we make two blades of grass grow where one grew before.* Similarly, we have to create a climate of work and provide sympathetic leadership which inspires each person in the publicity field to do the work of two or three. It is this maximisation of output and benefit by proper co-ordination that has to be attempted in the months to come.

One last point. The Vidyalankar Committee's report speaks of the inability of the mass communication media to readjust themselves to the needs of Plan publicity. It found among those who control these media, lack of serious interest and sympathy with Plan objectives and developmental activities. Some of this can be traced to genuine hardships, especially in getting at reasonable prices and in adequate quantity to basic necessities of food, clothing and shelter. *Some of it can also be traced to a habit of self-denigration and lack of confidence which make us feel that everything in the country is getting from bad to worse; and that even if it is not, it should. This feeling of cynicism is to be found in unexpected quarters.* The country can hope to succeed only to the extent we all bring purpose and passion to our tasks. This will call for very hard work on a sustained basis over the next few years which are bound to be drab and difficult. But if we in the

publicity field are convinced that this is the right and the only possible course for the country, *we should find no difficulty in carrying conviction with our people and getting their full support in our development tasks.*

29

THE CHALLENGE OF THE DEVELOPMENT DECADE*

ASOKA MEHTA

Year after year we have been accustomed to meet under the shadow of some crisis or other. We have been living with occasional clashes of arm and constant clashes of might and power. The last year, this time, the world was aquiver with disaster. My own country had to face an unprovoked and sudden aggression on its far-flung Himalayan frontiers, while the world watched with dismay the rocket-rattlings in the Carribean Sea. While my country still labours under the heavy burden that countering of the aggression has thrown on us, the wider world, happily, breathes a new atmosphere of emerging understanding between great powers.

The partial test-ban treaty is being welcomed not just on its own account, significant as it is to the health, well-being and the future of mankind, but also because it heralds the coming of spring, ending the long, excruciatingly long, winter of the cold war. The sky catches the first radiance of peace and the dark night of terror and fear is behind us.

The coming of peace, like the bestowal of freedom, helps to turn their thoughts and energies to development. Decolonisation has already unfolded itself into development, *detente* will, or should likewise, help that process further. If the assertion of

*Speech at the U.N. General Assembly on 14th October, 1963.

freedom led to the quest for bread, the emergence of peace must lead to the search for a richer and fuller life. The task of development, at last, achieves its primacy among men's purposes. We do not know when the 190 billion dollars spent every year on the weapons and *material* of war, with their curse of over-rapid obsolescence, will be diverted to irrigate the channels of peace, but we can now think and plan about it without being dismissed as utopians !

EAST-WEST CONFLICT

The conflict between the West and the East eases. But even as confrontation yields place to dialogues of increasing meaningfulness between them, the basic, stubborn differences between the affluent North and the poverty-ridden South in the world are unveiling themselves. As the world's political climate changes, the points of the compass move towards development. Wisdom and foresight demand that no new polarisation takes place, that there is no confrontation but only co-operation between these points of the compass.

If the world is not to be destroyed by nuclear weapons, it has also to be preserved from the explosions that hunger can cause. The fission of hunger and privations, in conjunction with the fusion of two billion persons suffering from them in the world, can throw up clouds no less menacing than the mushroom clouds that we seem to have bottled at last. We have, today, the means, if we can evoke the wisdom, to master the storms of hunger too.

We all know that two-thirds of the world's population has only 17 per cent of the world's annual income. But among the two-thirds, there are many millions, in my country and in my region in Asia, who are poorer still; there the ultimate cess-pool of poverty lies, the last unemancipated proletariat of the world reside. It is not an accident that the clamant calls for class war and the barricades are emerging in those very areas. It is the understanding and amelioration of the teeming millions of Asia that will provide the keystone to the arch of peace.

We are all familiar with the relevant statistics and I shall not tire you with more of them. Behind these faceless figures, there is human misery, blood that has started boiling, flesh that will not countenance shrivelling. Half the world's population, living in

the region of Asia, has just a quarter of the world's food supplies. More than 70 per cent of the people in India would avidly consume more and more food if only their income could rise. It is, therefore, not just the pressure of population, but the pressure of raw, unappeased hunger itself that we have to face and satisfy.

We are greatful to the U.N.I.C.E.F. for underscoring an important fact. In its document, F/ICEF/472, it points out, "Increase of food output lagged behind population from 1930 to 1950." Between 1891 and 1921, India's population increased by just 5 per cent. That is to say, in thirty years, in undivided India, including areas that now constitute Pakistan, the population growth was just 5 per cent ! Famines and epidemics mowed down the natural growth in population. Since 1921, some health measures have been taken, but as the economy remained neglected a serious backlog of food shortage survives. Since independence, we, as other countries in our region, have laboured hard, but we cannot overcome quickly the neglect of the long years of colonial rule.

FOREIGN ECONOMIC AID

We are not unware, nor unappreciative, of the valuable assistance that the developed countries have been giving, in recent years, to the poor countries. We, however, cannot overlook the fact that in a recent year, 1961 for instance, while the commercial flow of international finance amounted to $ 4,367 million, for the same year, the reverse flow in the payment of interest, profit and dividends from the underdeveloped countries to the rich countries totalled up to $ 3,393 million. While the rich countries may not heed the Biblical advice to give the cloak when a coat is asked for, is it really necessary for them to scrupulously adhere to the injunction of the left hand not knowing what the right hand is doing ?

The poor countries undoubtedly need external assistance. We are told that in seeking aid we should not seek to reduce the highest standards of living in the world. We have never sought that. The economy of the United States, even when it grows sluggishly, *increases* annually its *per capita* income by the *total*, (repeat) total, *per capita* income of the Indian. In less than ten weeks, the United States invests more than what India plans to

do in its entire third Five Year Plan, and reaps also an equivalent harvest in the same ten weeks. If we seek a small fraction from the absolutely significant amount of growth in the rich countries, is it an importunity ?

My delegation would never want to pick on the United States, a generous friend of ours. But more than half the income of the rich world is there, and one's analysis cannot totally ignore that reality.

In the United States the poorest ten per cent of the people are undoubtedly in difficulties and rightly evoke considerable interest in sympathy for their plight. It, however, needs to be realised that the share of the United States' national income accruing to that last ten per cent of its population is almost the same as the total national income of India, and that there are 21 times more numerous Indian ! In order to provide the poorest 20 per cent of the people in India—and they will number some 100 million !—with a per head income of just *one dollar per week*, even by 1975, our economy as a whole must achieve and maintain an annual growth rate of 7 per cent, which means a 20 per cent rate of investment. Can we, can anyone, attempt this unaided ? The grapes of wrath will not always wilt in the vineyards of Asia, and it is on that assurance that the present masters of Peking operate. It is not just the armed thrust of Communist China that my country repulses, it is this deeper thrust that we are engaged in checking with constructive approaches and efforts.

Every nation increasingly realises that it needs a policy for the growth of national income. Is it then too much to ask that at the margin of such a policy, in penumbral way, some definite policy of outflow of income from the rich to the poor countries be decided upon ? There has been a considerable amout of discussion on the need to transfer one per cent of income for that purpose. The delegate of my country had pointed out in 1960, the urgent necessity for the Secretary General to prepare annually estimates of the gross national product, the net national income, the gross outflow of funds from the rich countries during the year, divided into public and private outflows, itemising each kind of flow, the gross inflow of funds, whether in cash or in kind, from the poor countries, the net outflow of funds, a deduction from this net outflow for that portion of the funds which does not provide resources for economic development, a net figure for the not

outflow of funds provided for this purpose, and the percentage which this last figure bears to the gross national product and the net national income of the rich country concerned. Only when such a statistical clarity is introduced in the annual report will we know whether the self-imposed burden of "one per cent" is in fact being borne by the rich countries. Even though the "tax" is wholly voluntary it is necessary to plug the loopholes !

We are not unaware of the strain and the difficulty experienced by the rich countries in giving away one per cent or more, and it will have to be more of their national incomes every year, to the poor countries. All the arguments about "good business" or about the solidarity of the "human family" cannot snuff out disagreeableness from having to give foreign aid. But we would like it to be noted that for the poor country, it is no less irksome to seek aid. The commercial morality that sanctifies loans has yet to become the folkways of our people. The tree of growth, we would love to dig round and dig in with our own sweat and tears. From our own pitiful incomes we scrape and save and invest and grow. It is only because we find that development demands essential imports that cannot obtain for us, that we think of economic aid. If the wit of man could devise a means of realising economic development without the import of goods from rich countries, we from the poor countries would thank Allah and adjure all aid, except of knowledge and knowhow. Unfortunately, in the early stages of growth and industrialisation, as one mounts the escalator of development, the critical need for imports grows, and it is not easy to meet these needs with exports, because there are few surpluses for export and there are also difficult barriers to overcome in stepping up exports to the developed countries. In this phase of development, foreign economic aid alone can overcome the lag in savings inevitable in poor countries in a state of gross under-development. The bread that we ask to be scattered on water will surely multiply manifold. With the Pharisees shall we deny the possibility of that certain, assured, miracle of growth ?

DOMESTIC SAVINGS

The poor countries are constantly advised to cajole private investments. These investors, we are told, seek profit, and it is for the poor countries to create a climate of profitability. There

is no other climate that we would like to create more. The difficulty, however, is that we have simultaneously to raise large resources internally, to step up quickly the rate of savings from 5 to 20 per cent or more of the national income annually, involving a far greater draft on the marginal increments of income in the early years of growth. But a sharp stepping up in the rate of savings and investments inevitably erodes the margin of profitability. We would like to lower taxes, but until the tax base adequately expands, such a lowering would mean abridging our development. These, as we know well, are the cruel horns of the dilemma of development. When everyone tightens the belt in hungry lands, is it too much to ask of the men of capital to modify, for a while, their familiar ways ?

I do not want to be misunderstood. My country has a system of mixed economy. We have given a variety of incentives and facilities to the private sector to make a significant contribution to the growth of the economy. But when the nation has to step up the rate of saving, can it be done by the public sector alone, which accounts for only a small fraction of the national income ? The private sector has to make the major contribution to the savings effort, and experience shows that such contribution is not inimical to its own long-term interests.

In the poor countries socialism has an instinctive appeal. It is not because we want to load the dice in favour or against anyone in the game of ideological co-existence. The reasons for its appeal are : one, the poorer a people, the greater is the need for philosophy, and, two, the poorer a country, the sharper are the inequalities, and greater the need to approximate towards some equality. Socialistic ideas play a functional role in the early processes of development.

INTERNATIONAL TRADE

We are told that we cannot expect the people of the rich countries, free and prosperous as they are, to change their habits and attitudes. We cannot be unsympathetic to this traditionalist outlook of the modernists. But do they realise how great a strain the developing countries have to bear in the process of transformation ? In the course of a generation the habits of centuries have to be completely changed. The psychological and social

strain involved has to be imagined. Conventional wisdom warns us that "no man puts the new wine into old wine-skins; else the new wine will burst the skins, and be spilled, and the skins shall perish." But what does the record the developing countries show? Has not the new, heady wine of of science and technology been slowly poured into the old skins of traditional society, and the wine has not spilled, the old skins are changing, not bursting? The social *tour de force* is not easy to accomplish. Let us look back for a moment at the early period of development of the highly industrialised countries. Did they not, even though their time span of development was much longer, and even though the emergence and assimilation of the fruits of science and technology were much slower than today, pay the price of transformation in slums and terror, in reeking corruption and in periodical *coups d' etat*? When we seek a far-reaching and rapid social transformation, while honouring the rights of man, are we not entitled to claim a little fraternity in the task of bearing the strains of transformation? When the developing countries ask for favourable opportunities for the export of manufactured goods, of simply processed articles, the highly industrialised countries object, even though all that we seek is to supply just one per cent of their expanding production of goods. We are told that, when already technological changs require an adjustment of three per cent every year, how can they add on an additional burden of one per cent to it? Unfortunately, no one has similarly quantified the rate of social transformation in the developing countries. Is it too much to ask for a fraternal sharing of strains through easier terms of trade or through economic aid, but please, not in the ways of Penelope, taking out the knots in the night, that have been woven in the day?

Now that science and technology need no longer remain harnessed to the chariot of war, has not the time come to attach them to the coach of development, so that technology may be trained to balance the sociological needs of the developing countries, where the ratio of manpower to resources is often so different from those of the affluent societies? As peace dawns and wider horizons become visible, we are invited to embark on new voyages of thought and discovery.

May I be permitted to address a few words to the countries with centrally planned economies, and particularly to the foremost

among them ? We in the developing countries admire at once the liberal political institutions of the West and the austere economic discipline of the East. It is that discipline that we seek to make our own. In that task many of us have received from the Socialist countries the kind of help and co-operation that we greatly value. We rejoice at the rapid growth of the socialist economies, indeed of all economies. We are not unaware of the emerging and welcome pressures inside these countries, of the implications and consequences of the dismantling of the system associated with the "cult of personality." These very pressures demand that the centrally planned economy countries review their plans of development with a view to providing an even larger scope for imports from developing countries; they demand that the prices at which production from the deveveloping countries can be sold in the internal market be adjusted with a view to stimulating the demand for those goods and commodities. Socialist countries should also include in their forward planning significant projects of those developing countries that are nearing the critical stage of the "take-off."

It would be a tragedy if at this fate-ladan hour this centrally planned economies were to fall victim to the heresy of seeking the dynamism of growth through internal markets, of sustaining high growth rates through the affluence the mass consumption alone.

However, trite the observation might appear, the fact remains that the full blossoming of the economy, the fullest lifting of even the highest standards of living, as also the unfolding of culture and human spirit in the rich countries, whether of the West or the East, will not be possible unless the quickening impulse is provided to the poor countries, through adequate terms of trade and facilities for increased trade, financial aid, technical assistance and sharing the strains of transformation. For this gathering of the partisans of peace a new programme is already waiting !

While many millions in the poor countries labour to forge a new future for themselves, to deny them essential aid while unused capacity of production remain in some of the highly industrialised countries is a reversal of reason and humanity. In the war against hunger and raw wants, we in the poor countries are now fully engaged. Here, as on an earlier famous occasion, we ask for tools, and we promise to do the job. The rich nations, whether from the West or the East, are invited to join the peaceful competition

to become the great arsenals of development. It is not aid, or even trade, that encompasses our vision, it is the quickening of mutual aid and co-operation. Poor as my country is, our contribution to the U.N. Special Fund is the seventh largest. Not India alone, but every developing country is anxious to contribute to the common pool as they are to benefit from it. But this requires the blasting of the inhibiting influences in the rich countries that prompt them to view political boundaries as of equal significance in economic life too. Here at least the truth is that we grow only by sharing.

I am not unaware of the many shortcomings in the developing countries, that is our responsibility to overcome. The developing countries cannot afford to be sensitive towards well-meant and sympathetic comments in this regard from all quarters.

U.N. TRADE CONFERENCE

It is towards a rationalisation, maximising welfare and happiness in the rich as well as the poor countries, of economic policies, and of economic theories if need be, that, in our view, the forthcoming U.N. Conference on Trade and Development must principally address itself. When confrontation between the West and the East changes into an encounter, leading to journeying together, when the thesis and anti-thesis of the cold war resolve into an emerging synthesis, a creative leap forward in thought and endeavour is obviously indicated. In this Decade of Development we can, if only we will, witness, once again, "the whole earth (being) of one language and one speech"—the language of growth, the speech of welfare.

Meaningful discussions will not proceed if sincere efforts at reviewing the many problems of trade and development by the developing countries are construed by some of the highly developed countries as attempts to "externalise" our problems.

Every industrialised country charted its development through protective aids to its industries. Even the *doyen* of all the industrialised nations, the United Kingdom, had ultimately to surrender the virtue of free trade. The arguments that applied to infant industries then are equally relevant to infant economies today. They too need protection and aid. If the highly industrialised countries tie their loans with the export of their

manufactures, are the developing countries wholly wide of the mark when they raise the question of the possibility of tying up repayment of their loans with the exports of their agricultural, mineral, and industrial output? The highly developed skills, capital-intensive methods, and constantly rising labour costs in the more developed countries require that they move out of the simple, less sophisticated, processes of manufacture and enable the developing countries to produce and trade in such products.

The slight rise in the world prices of some of the primary commodities, after years of decline and stagnation, is welcome. Even more heartening are the efforts of the I.M.F. to develop schemes of compensatory financing to meet the situation of fluctuations in prices of primary commodities.

My delegation looks forward with interest to the working out of the details of the concept of "organised markets" in industrialised countries, for products of particular interest to developing countries, broadly outlined by the French Delegation at the Second Session of the Preparatory Committee as well as earlier in this debate. We believe that the problem of providing trading facilities to the developing countries in the world market requires greater governmental attention and action in the developed countries. We are confident that France will show its characteristic institutional originality in indicating fresh openings and solutions here.

The United Nations Conference on Trade and Development will help the world trade, and the developing countries' share in it by indicating a common framework of reference for trade policies and practices, embracing for that purpose all countries and all economies. But we are not unaware of the many distinctive characteristics of different economies and groupings of countries, and we are clear that a helpful framework of reference is not the same thing as a single uniform strait-jacket of policy. That is why we seek to clarify the objectives and aspirations of the developing countries in international trade, so that different groups of industrialised countries can indicate their responses in harmony with their distinctive economic and trading characteristics.

I.M.F. AND I.B.R.D.

May I take this opportunity to express our appreciation of

the work done and the decisions taken at the recent annual meetings of the I.M.F. and the World Bank and its affiliates? The decision of the I.M.F. to conduct a comprehensive study on the adequacy of international liquidity to ensure a high rate of growth of world trade is timely, particularly as the study is intended to cover the problems and requirements of all countries, the developed and the less developed. The decision of the developed countries to augment the resources of the I.D.A. by a further contribution of $ 750 million, though falling short of the needs and the absorption capacities of developing countries, indicates responsiveness to the pressing difficulties of the developing countries. The response of Sweden is particularly praiseworthy because of its liberality and foresight. We would like it to prove contagious!

Every developing country can bring up glowing pages from its recent records which would show the remarkable implications of international co-operation. My own country, India, set up three steel plants with the help of friendly countries. We now hope to fabricate or establish new mills with, to a considerable extent, our own resources, material as well as technical. We are just now engaged in setting up, as a part of the national electrification plan, three nuclear power plants. Our know-how and capacity will enable us to design and construct future plants with our own resources. This self-sustaining growth will enable India to assist other developing countries too.

NEW ORGANISATIONAL INITIATIVES

The various Specialised Agencies and other organisations of the U.N. have been rendering valuable assistance to the developing countries, some of them, in fact, have been doing pioneering work in social and economic engineering. The one common handicap from which all suffer is the inadequacy of resources. The member-nations, particularly from the developing world, rightly desired to diversify and expand the agencies and organisations and thereby augment multilateral and institutional assistance in the complex task of economic and social transformation. It is, however, important to balance such expansion with adequacy of resources made available for their varied tasks. The complex of majestic mills satisfy only when there is all the

corn needed to grind in them. The poor in many lands are concerned with what flows out of the mills, and not so much with their rationalisation and expansion. In our search for ample institutional foliation, we cannot afford to lose sight of the over-arching significance of the adequacy or otherwise of finances available.

My delegation welcomes the decision taken by the Economic and Social Council in Resolution 980 (XXXVI), to establish an Advisory Committee on the application of Science and Technology to development. It is necessary to strengthen and fully utilise the facilities available with the U.N.E.S.C.O., F.A.O., W.H.O. and I.A.E.A. before the venture further.

We view with interest and goodwill the expanding work of the Centre for Industrial Development. We would like to see the Centre strengthened with more financial resources and wider expert assistance, so that it can play a focal role in spreading industrialisation. We support the recommendation of the Experts Group appointed by the Economic and Social Council, as per its Resolution 873 (XXXIII), to set up the United Nations Industrial Development Organisation. We will study with interest the report of the Secretary-General on the comments received from the Specialised Agencies and the I.A.E.A. on the U.N.I.D.O. proposal. The Centre for Industrial Development must grow into the U.N.I.D O., and only experience can tell when the time will be ripe for assigning industrial development the same institutional position in the family of the U.N. that agriculture enjoys today. That such a status should be accorded to industrial growth at an early date, we believe, is incontrovertible, but because of the complexity of the problems involved in industrial growth, some more experience, and fuller resources, in money and *expertise*, are needed before the move is made.

My country has been a consistent supporter of the Capital Development Fund, because we believe that multilateral aid for economic development is the essence of the U.N. development programme. We, therefore, support the recommendations of the third session of the Capital Development Fund Committee to extend its mandate for another year. We are convinced that the need for such a fund today is greater than before. The improved international climate provides an auspicious initiative for this programme. We hope the forthcoming U.N. Conference on Trade

and Development will give a new momentum to the idea.

Once again, it is our welcome privilege to applaud the work done by the U.N. Special Fund and by the E.P.T.A. (Expanded Programme of Technical Assistance.) Under the direction of some of the ablest of international civil servants these two activities have furnished a marked measure of assistance in economic and industrial development to the developing countries. The valuable pre-investment work done by the Special Fund, which has succeeded in attracting national and multi-national capital, needs to be fully strengthened. We urge the expansion, naturally, with the help of the developed countries, of the resources of the Special Fund to reach its immediate target of $100 million. It will enhance the usefulness of the Fund when the Governing Council is expanded from 18 to 24 members, thereby according more balanced geographical representation to the various developing regions of the world. Resolution 964 (XXXVI), of the Economic and Social Council, therefore, has our support.

As we are convinced that the U.N. Special Fund is doing pioneering work in the special area of work it has made its own we are aware to suddenly transforming it into the Capital Development Fund. In the dynamic context of development the two funds have, or can have well demarcated and distinct areas of operations; their amalgamation, in our view, will not add to efficiency or accelerate development.

These institutional approaches are important but far more important is a sense of urgency, overpowering urgency. In the work of development, the scarcest resource today is Time. Capital can be loaned to us, or supplied otherwise, but who can arrest the inexorable flow of Time ? The awakening of millions in the depressed regions of the world is a phenomenon heavy with history. This awakening, if quickly responded to and thereby harnessed, can carry the world to expanding paths of peace and progress, but if it remains ignored it is capable of overturning the whole fabric of civilisation. The choice before us is clear and insistent : either we dynamise our economies or we get dynamited! The United Nations, we are aware, is dedicated to the task of urgent transformation. What we jointly acknowledge, it is necessary for each member-nation to individually accept. Here it is obvious that the strength of our determination depends on

the strength of the weakest resolve amongst us. Let us solemnly affirm that none of us gathered here will be that weak link. That and that alone can be our pledge to the Decade of Development.

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AGRICULTURE IN THE FOURTH PLAN

ASOKA MEHTA

A Stagnant agriculture is the hallmark of a traditional society. Stereotyped agricultural practices, inadequate use of water and fertilisers, land fatigue and soil erosion, poor quality of seeds and antiquated tools characterise Indian farming. Modernisation and economic growth can come only if this stagnation is broken for good. India's economic planning is based on this premise.

It must, however, be admitted that, so far, our efforts have not attained that degree of momentum which can decisively dynamise our agriculture. This is borne out by the fact that, although we have accorded the highest priority to agriculture in the Third Plan, we do not expect the physical targets to be fulfilled. According to present anticipations, the level of foodgrains production may be of the order of 90 to 92 million tonnes at the end of the Third Plan, as against 100 million tonnes originally envisaged, production of oilseeds 7 to 8 million tonnes as against the target of 9.8 million tonnes, that of cotton 6 million bales as against 7 million bales as originally targeted. The programme is likely to be fulfilled in the case of jute production and more than fulfilled in the case of sugarcane.

THE MAIN PROBLEM

The possibility of Plan fulfilment in the case of sugarcane, jute and to some extent cotton also shows that there are some

forces at work in the production of important commercial crops which are somehow non-existent or feeble in their impact in the case of production of foodgrains and other crops. These are the economic incentives provided by an organised countrywide market. In one sense, to open the door to such incentives in the rest of the agricultural sector, particularly in the production of foodgrains, constitutes the main problem of agricultural development.

Three reasons are generally attributed to the likely limited achievement of the current Plan in respect of foodgrains production. In the first place, progress in physical terms in irrigation, soil conservation and other programmes has been somewhat smaller than envisaged. In the case of major and medium irrigation, the Third Plan target was to create a cumulative potential for 29.5 million gross acres. We now anticipate the creations of potential for only 20 million gross acres at the end of the Plan, of which 16 million gross acres or 80 per cent may be actually utilised. Much of the benefit will accrue only in the Fourth Plan period. Secondly, the supply of material inputs of agriculture, particularly fertilisers, has been significantly below the levels originally contemplated. In the case of chemical fertilisers, against a target production of one million tonnes in terms of N, we are likely to produce about 600 thousand tonnes at the end of the current Plan. In respect of diesel engines for use in agriculture, we are likely to produce only 78 thousand units at the end of the Plan against a target of 166 thousand, although in power pumps we shall better the target of 150 thousand units by producing 180 thousand units. Finally, we have the perpetual excuse of unfavourable weather conditions and natural calamities. All this, however, goes to show that there is something basically wrong with our agriculture. Unless we make an effort and find out what it is, agriculture is likely to prove the Achilles' heel of Indian planning.

The Fourth Plan for agriculture which is under preparation can really be drawn up only after the States have built up their respective agricultural plans from below, i.e., from the block and the district levels up. On the basis of overall requirements, however, an outline of the Plan has already emerged. We require about 120 million tonnes of foodgrains, about 12 million tonnes of oilseeds, 13 million tonnes of sugar, 9 million bales of cotton and roughly 8 million bales of jute at the end of the Fourth Plan

on the basis of certain projections of population, consumption trends, etc. On the assumption of a more balanced diet than the bulk of the people are now enjoying, the requirements of food-grains may be two or three million tonnes less, but this will call for a much bigger rise in the production of legumes and milk and consequently of fodder than is envisaged at present.

The overall aim is to achieve an increase of agricultural production of not less than 5 per cent per annum which is supposed to look after this scale of requirements. According to a recent analysis of the growth of agricultural production during the period 1951-54 to 1958-61, 33 out of the 184 districts for which results were studied achieved on average annual increase of 7.5 per cent or more per annum and 69 districts out of the total number studied did better than 5 per cent a year. Since we have about 300 districts in the country, the rate of growth in agricultural production aimed at in the Fourth Plan would indicate the magnitude of the task. Unless perhaps we aim at a somewhat higher rate of growth and provide adequate resources for that the physical requirements may not be fully met at the end of the Fourth Plan. For on the basis of the outlay tentatively proposed at present, we expect to produce the full requirement of foodgrains, sugarcane and jute but may end up by producing only 10 million tonnes of oilseeds as against our requirement of 12 million tonnes and 8.5 million bales of cotton, as against our requirement of 9 million bales.

OUTLAY

In the proposed tentative Plan outlay of Rs. 22,600 crores as a whole outlay on agriculture in the Fourth Plan will be of the order of Rs. 3,100 crores or nearly 14 per cent. If we include another Rs. 1,000 crores proposed for investment on irrigation the share of the combined agriculture and irrigation sector in the total investment would be of the order of 18 per cent. Out of the proposed investment of Rs. 3,100 crores in agriculture, the share of public sector is likely to be Rs. 2,400 crores and that of the private sector Rs. 700 crores. For the public sector alone, the scale of investment now proposed for the Fourth Plan is nearly two and a half times that anticipated for the Third Plan as a whole. It would be interesting to see how this massive

programme of investment would be built up in the various areas of development.

Actual targets of development of irrigation, soil conservation, improved seeds, double cropping and other agricultural programmes can be finalised only after the State plans have been drawn up. As a preliminary and tentative framework, we envisage that, in the Fourth Plan, 13 and 17 million acres respectively will be irrigated under major and minor schemes, leaving about 15 million acres to be irrigated in the subsequent Plans, 20 million and 2.5 million acres will be respectively covered under soil conservation and land reclamation schemes, while the area under double cropping would be extended by 22.50 million acres. At the same times the scale of consumption of chemical fertilisers is expected to reach a level of two million tonnes of nitrogen, one million tonnes of phosphates and 0.35 million tonnes of potassic fertilisers from an anticipated level of consumption of 0 65, 0.25 and 0.15 million tonnes, respectively, at the end of the Third Plan. The total area under improved seeds so far as foodgrains are concerned will be 274 million acres, going up from an anticipated level of 164 million acres at the end of the Third Plan. The use of organic and green manures will go up to 5.4 and 64 million tonnes, respectively, of urban compost and green manures from a level of 4.22 and 27.9 million tonnes at the end of the Third Plan. Finally, 160 million acres are expected to be brought under plant protection schemes, the level expected at the end of the Third Plan being 40 million acres.

ORGANISATION

These are programmes of a massive nature and they call for the greatest utilisation of the existing agencies for agricultural development and in many cases their expansion. In the years to come, we shall have to depend more and more heavily on the extension services attached to the community development blocks for the purpose of organising this mammoth development work and on rural co-operatives for providing the finance which will becomes necessary in the wake of such development. It has already been recognised that the central task of the community development organisation in the blocks is to mobilise the entire rural community and the extension services for sustained and

concentrated efforts for increasing agricultural production. It is true that the community development organisation in the blocks includes Extension Officers at the block level for agriculture, co-operation, *panchayats*, animal husbandry, industries, health and medical services, women's welfare and rural engineering, but, unless agricultural improvement becomes the focal point of all these various activities, the real task of releasing the energies of the community will not be served. We have already brought 5,100 development blocks out of a total of 5,200 within the scheme of community development, these accounting for a population of nearly 40 crores. By the time the Fourth Plan is launched, the entire country is expected to be brought under a network of community development blocks and village democracy, effectively committed to the task of economic development in the countryside.

At the same time, rural co-operatives will have to play their part increasingly in supplying the much needed finance. The membership of the primary agricultural credit and service societies exceeded two crores at the end of 1962-63, as against the total of six crore agricultural families living in this country. The gap between these two figures represents the leeway we have to make up in bringing the sources of cheap credit close to a farmer of small means. Already a diversification of the co-operative movement in the countryside is in evidence. There are more than 40 co-operative sugar factories, 850 other processing units and more than 3,000 agricultural marketing societies. However, there is much room for improvement in respect of management or business, administration and supervision of units. Large overdues (26 per cent in 1962-63) and diversion of loans to non-productive uses have also to be brought under control. Besides, one of the notorious facts of the current pattern of development is that the poor farmers who are preponderant in number are not able to avail themselves of the facilities of the co-operative movement to any significant degree. This is tending to make the poor farmer poorer and the rich farmer richer. Unless these defects are removed the creative role of the movement in a democratic pattern of economic development will never materialise.

Another factor which will have considerable effect on agricultural development in the Fourth Plan is the pace at which land reform measures are completed within the Third Plan period,

The progress in this field has not been very rapid. Administrative arrangements for supervising action on land reform enactments have not bcen adequate and even complete and up-to-date records of rights of tenants do not seem to exist in several States. The consequence of all this has been that the poorer farmers and the landless rural workers are becoming increasingly identified as a weak spot in Indian agriculture, a source of serious discontent. Efforts are already being made to implement the reforms in full in all the States before the Fourth Plan is launched.

BASIC APPROACH

The dimension of the agricultural problem and the need for solving it quickly in the interest of rapid economic growth have compelled a re-examination in recent months of the basic approach to agricultural development. While substantial investments have been made in agriculture, irrigation and allied programmes over the past decade or so, neither the volume of these investments nor the results achieved through it can be said to have been commensurate with the requirements of a growing economy like ours. Apart from the quantitative inadequacy of inputs in agriculture so far, the quality of these inputs also leaves much to be desired. The most glaring inadequacy in this respect has been that science and technology have not been applied to agriculture as an input. It is well known that the agricultural revolution in the other advanced countries is ultimately traceable for the application of the results of scientific research and technological improvements in the field of agriculture. It is true that the application of this input is about the most difficult to achieve in the agricultural sector of a traditional society. Yet certain beginings have already been made as will be found from the figures of consumption of chemical fertilisers over the last few years. The real thrust of the Fourth Plan in agriculture will come from a purposive and systematic application of science and technology.

One corollary of this is the newly adopted intensive area approach, i.e., an approach which makes use of large quantities of fertilisers in areas with irrigation and assured rainfall specialising in certain crops. Another is the extension of the Intensive Agricultural Development Programme in more and more districts. A third is the crash programme in agriculture now under way,

and intensification of the production of subsidiary foods, vegetable growing, poultry farming, etc.

INSTITUTIONAL FRAMEWORK

Another way in which the application of the scientfic method will be sought to be encouraged is to build up a structure of rational prices for agricultural commodities, particularly foodgrains, which make such application economically worthwhile. A beginning has already been made in this direction so far as foodgrains are concerned. A Food Trading Corporation ushering an era of State trading in food, which is already in existence in many advanced countries in respect of selected commodities, has been set up. This new departure in the institutional framework of distribution, along with the Agricultural Prices Commission which is in the offing, State warehousing and credit facilities, is ultimately bound to have a salutary effect on production itself, through a rational price structure for food, lowering of transportation costs and better storage facilities.

The plan for technical training is also being geared to the increasing needs of agriculture in the Fourth Plan. The opening of more and more agricultural universities is a step in this direction.

In the days of foreign rule, we were often told that Indian agriculture was a gamble in rain. This fatalistic excuse has to go and we have to recognise that agriculture in this country is a fight against nature. It is also a fight against man. It is a fight against all that is conservative and custom-ridden in man in this country. Unless we can rid him of these drugs on his advance through a process of education and enlightenment, we shall not be able to solve our agricultural problem. This cannot be achieved overnight, nor easily. It is only through a continuous process of dissemination of the results of scientific research, through repeated practical demonstration of the superiority of modern methods over the antiquated, organised throughout the length and breadth of the country, and through constant persuasion to modify his old practices can we finally win him over to the side of change. And, until we can involve the great majority of the people engaged in agriculture in this vortex of change, the agricultural revolution in this country will always elude us.

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SOCIO-ECONOMIC PHILOSOPHY FOR FARMERS

ASOKA MEHTA

In the course of economic development and social change in Western Europe and in other countries, one notice that while the other interests were able to organise themselves readily enough, the farmers somehow or other tended to lag behind. We are familiar with organisations such a Chambers of Commerce started by industrialists and those engaged in commercial activities, and we also know of the industrial working class organising powerful international movements to articulate their own particular philosophy. Somewhere about the same time, the farmers in Western countries sought to organise themselves in what was known as the "Green International", as against the Red International of the industrial workers. It is interesting that during the somewhat short and chequered career of the "Green International", the farmers tried to articulate a distinctive socio-economic philosophy of their own. In a democratic society, planning can be brought about only when the different sections concerned make an effort to formulate their own views and, ultimately, the divergent views are brought to a focus in an effort at mutual understanding. Only then can we formulate coherent and meaningful policies. To the extent that the farmers have failed to perform this task there has been a lack and a lag in our whole process of thinking for the future. To the extent that lack and lag are sought to be made up, whether one agrees with the

formulation or not, such an approach needs to be welcomed.

STAGNATION

There is no denying the fact that many of our difficulties today are directly traceable to the stagnation on the agricultural front. In the last three years, for instance, we have considerably stepped up our investments in development and have also been constrained by circumstances beyond our control, to step up our defence expenditure. The result, as we are all aware, has been an almost 25 per cent increase in the money supply. In terms of cash and credit, the total availability of money in the country has increased by 25 per cent, but, on the other hand, agricultural production by and large has been marking time. The consequences are that not only has the supply of agricultural commodities remained stagnant, but, as almost 50 per cent of our industrial production is based upon raw materials supplied by agriculture, industrial production has also not made the spectacular advance that we had expected. The other 50 per cent which derives its raw materials from other sources—minerals, etc.—has undoubtedly made significant advances, advances commensurate with what the planners had anticipated. But, the stagnation in agricultural production has been responsible for holding back advances in not only that half of the economy which is accounted for by agricultural production, but also the half of our industrial production which is accounted for by raw materials supplied from agriculture.

PRICE POLICY

There is no doubt that there has been a considerable amount of irrationality and lack of coherence about our price policy. But, let us realise that we shall not be able to solve the problem merely by tinkering with the price policy. Important as the price policy is, even when it is wholly rational, it is only of marginal and not of crucial character. Let me explain why I say this. Seventy per cent or more of our people are engaged in agriculture. Fifty per cent of our National Income comes from agriculture. Only 17 or 18 per cent comes out of industry and only nine or ten per cent from the organised sections of industry. It is obvious that the

problems of our agriculturists are not going to be solved by some adjustments in prices.

INCREASED PRODUCTION

Thus, while price policy is important, it is not the solution. What then do we do ? I suggest that the basic problem is to increase production. Only increased production will enable us to provide higher incomes and higher purchasing power to our people. If India's problems could be solved only by monetary jugglery, there would be no difficulty whatsoever. But monetary jugglery is not going to solve India's problems. In the last analysis, the detailed and difficult task of development has to be undertaken. I suggest that, firstly, if the conditions of the agriculturists are to be improved, it is necessary to think in terms of an agro-industrial society. More and more agricultural produce will have to be processed through cooperatives. Agriculture, by itself, will not be able to give our rural people the kind of incomes and the diversification of sources of income through diversification of occupations, unless we also think side by side of developing an agro-industrial society. Processing industries can be thought of at various levels, and we must also think in terms of co-operatisation of trading activities. I do not think that problems of credit can be satisfactorily solved unless credit and marketing facilities are inter-twined and inter-linked. It is only such a unified approach, and not purely the price mechanism that can solve the problem. Here is a task where a tremendous amount of effort will have to be put in. A great and dynamic leadership will have to be provided at multifold points in the country in order that this whole institutional network is created which will in turn bring about an agro-industrial society by weaving together credit facilities, marketing facilities, research facilities, educational facilities and industrial facilities.

SMALL HOLDINGS

Even this, I am afraid, is not going to solve the whole problem. There are hundreds of millions of our people who have pitifully small holdings. While it is true that disparities in rural areas are far less than disparities in urban areas, it is equally well-

known to us that the lower incomes in the rural areas are far lower than the lowest incomes in the urban areas, and that the peaks of income in urban areas are far higher than the peaks of income in the rural areas, particularly after the major land reforms have been carried out. With these millions of small people with petty holdings, no matter how much fertilizer and irrigation you give them, and at what price you offer them, their problems can never be fully solved. They ultimately have to be involved in other kinds of activities, and this can only be done if the whole structure of industrialisation is built up in India. We have got to build up the whole base for that industrialisation. Why do we have to produced steel ? Why is it that we have got to build up heavy electricals ? Why is it that a heavy machine-building industry has to be set up ? Is it just because we think that these things are more important than the immediate needs of our people ? Nobody would be as stupid or as criminal as that. It is because, unless over a period of twenty or twenty-five years this whole base is built up, we will not be able to solve the problem of our rural population. Only these mother industries will produce other industries, which in their turn will produce the new tools and new techniques and that will absorb people in a variety of other activities.

SCIENCE AND TECHNOLOGY

It is worthwhile to remember that though upto a point land is a source of production, one should not believe that land is the whole and only source of production. I suggest that there are two great allies of land—science and technology. Without these two allies, land will not be able to give the best that it is capable of. Through research, through science, through dissemination of skill and through education, we can augment the contribution that land can make. Equally important are tools and techniques, which can come only through the development of an industrial sector. Without tools, without technique, only with bare hands, Mother Earth is never going to be very responsive—particularly where for centuries the earth has been drained of its richness by the capacity of man.

It is necessary that we should go ahead in all these three respects. Firstly, the productive capacity of land must be

developed by increasing and improving the variety of inputs in order that the soil may be able to give the best that it is capable of. Secondly, we have got to make it possible for skills to be disseminated. We must augment the facilities for research and bring about a closer relationship between the possibilities of research-oriented education and the life and activities of our farmers. Thirdly, this whole industrial complex have to be built up. You cannot have the end product, namely, millions of people in India supplied with new tools and techniques whereby to master the forces of Nature, unless we have built up the structure of production from which ultimately this end product will flow.

These things have got to be thought of together. It is possible that we have not made the right kind of selection here and that our emphasis has been wrong there. But, it is absolutely necessary that, from time to time, we look at our assumptions and activities, our plans and our perspectives without any kind of prejudice or reservation. This is one of those occasions when we are going through an agonising reappraisal but in the process it is necessary to realise that there are certain imperatives that we cannot wish out of existence. These imperatives have to be understood. One has, as it were, to learn to adjust oneself to these imperatives.

PANCHAYAT SAMITIS

Let us examine the possibilities of not only greater administrative powers but greater economic wherewithal being made available to the Panchayat Samitis. The Panchayat Samitis, I believe, will be in a stronger position in the Fourth Plan, both administratively and in terms of economic wherewithals. Good farmers ought to take advantage of this improved position. They should also think of the ways in which it would be possible for the Panchayat Samitis to mobilise the resources in their respective areas and whatever complement is being provided through the Plan. How to make the most effective use of this catalytic agent for further development is one of the issues which deserves detailed examination. Secondly, it needs to be remembered that somehow or other we have to create conditions whereby our idle manpower can be utilized for the purposes of conserving our natural resources. The possibilities of future growth depend on reversing the whole trend of erosion that exists in our society. We have not

been trying to conserve and augment our resources. You can make use of your resources more effectively, and hope to get much more out of them, only if you do not exploit it. The attitude should be one of conservation. Both human resources and natural resources will be able to contribute far more than they have been able to do so far, if our approach towards them is not that of exploitation, but of conservation.

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A KNIGHT SANS PEUR*

ASOKA MEHTA

Those who have grown up in the shadow of the personality of Pandit Nehru can scarcely realise how much of their very thoughts have been shaped by him. Millions in India and elsewhere are his spiritual children who have learnt to comprehend the world in terms of his ideas and idioms. As he incarnated an epoch, so did he shape a whole generation.

Pandit Nehru combined in himself three qualities that have rarely gone together. First, he had a passion for knowledge; no sphere of it was alien to him. He roamed over the world of knowledge with the same zest and communion with which he moved in the world of men. Secondly, he had the insight of a historian. Behind the ebb and flow of events he sought the patterns and purposes of men. He was able to bring simultaneously both commitment and objectivity because he could set events in the background, as well as the perspective, of history. Again, he was profoundly concerned about the dignity of the lowliest of men. To help every person to discover and realise his full stature was the fundamental quest.

The deep respect and concern for man's dignity made him a fighter for freedom, a democrat and a socialist. The shackles round the unslaved have to fall off if man is to become erect again.

*From *Eastern Times*, (Cuttack), 13 June, 1964.

The mantle of leadership sat easily and naturally on Pandit Nehru. To see him was to acclaim him. With that *charisma* in him he used to lift men's thoughts and emancipate their hearts and minds. His hold over the people was massive and legendary and he retained and strengthened that hold over many years without ever resorting to irrational appeals. Like the prophets of old he evoked men's allegiance by uplifting them and not by degrading them as mass politicians tend to do.

It was his unique gift to make rationally emotionally acceptable. Even when he stirred the elemental levels of mass emotions, as he had to if he was to arouse his people against colonial rule, he effortlessly maintained the discipline of larger purposes on them. He could provide soaring vistas to struggling nationalism and on the morrow of its triumph endow it with international obligations. He understood and respected people's limited loyalties to nation, religion, language or class, but while acknowledging them he ceaselessly endeavoured to transform them into something less exclusive. Whatever the heights to which the wings of men would carry them, he filled them with the desire of the blue sky. Anything narrow he abhorred because he saw vista and vitality inextricably linked together.

He had a passion for asserting the first principles unequivocally. That is why he had insisted on the Congress accepting the objective of complete independence even though he believed in the interdependence of nations, and, in fact, emerged as the architect of a totally alerted Commonwealth. Likewise, he progressively pushed the Congress to the acceptance of democratic socialism, even when in practice he recognised many compromises. He insisted on the clearest enunciation of objectives, remaining stubbornly uncompromising there because he felt that such clarity helps the people to trace the course, like the light on the hill-top guiding travellers in their pilgrimage. In the day-to-day life compromises do occur; only the incandescence of objectives saves the people from getting bogged down in them. Men's day-to-day efforts are the result of their fluctuating strength, but the assurance of an endless surge of strength depends on the sharpest delineation of the purposes.

He had unswerving faith in the creativity of the people. He was essentially an inspired artist whose medium was the people around him. As the sculptor, and he alone, sees in the marble

the outlines of the image he seeks to carve, so did Jawaharlal see in the people their unfolding potentialities he cherished. Here was a successful revolutionary, a hero of the liberation movement, a socialist, a modernist who strangely enough was indifferent to organisation. He felt that he abridged and atrophied men when he merely held them within the folds of an organisation; he enlarged and liberated them when he evoked their response by widening their horizon or imparting rationality to their emotions. In the age of organisation, he remained the supreme exponent of the "Thou and I" relationship with his fellowmen.

He brought to the Indian Parliament a quick maturity, because for him it was the classic forum where one speaks, argues, explains, expounds. The parliamentary work he supplemented with countless public meetings where millions gained face-to-face communion with him. This aristocrat, scholar, statesman could open out unreservedly, could reveal his innermost thoughts and self, not to any single human being but only to the people. That was so because, in the concourse, in fact, he spoke to every man. It was always a dialogue, never the harangue.

What made him cherish the Parliament as an institution also made him give rare significance to the Planning Commission that he nurtured. The Commission, through its plans and projects, was expected to provide rationality to men's endeavours and meaningful foliation to the aims that guide and inspire these efforts. Here too was not a strait-jacket of an organisation imposed upon the people, but an effort at broadening the horizon, deepening understanding and enlisting energies in the task of social transformation. As with the Master, Pandit Nehru's constant pre-occupation was with the means shaping the end. Every step had to be endowed with the full glory of the pilgrimage.

He was the most accessible of men. In his contact the tensions were stilled. Here again, like Gandhiji, he had the healing touch in him. Under his spell men did not work out some patchwork compromise, they somehow rose above their fragmentary faiths and sensed something of the universal *gestalt* that guided him. Behind every discordance there was always the possibility of uncovering, achieving some harmony. It was only when rigidities were imposed and ossification insisted upon and the possibilities of such a change from discord, distrust and

dissensions to understanding got closed. That is why Jawaharlal Nehru fought relentlessly again intolerance, whether religious or international.

He had a deep sensitivity to and appreciation of the past as log book of his great voyage. The *Discovery of India* testifies to this. He, however, had a horror of crusted traditions. He remained for over seventy years the symbol of youth because he, as it were, exuded regeneration. Growth, change, foliation were for him the vital thrusts. In them and through them men could seek their liberation. Rigidities, ossification and obscurantism in so many ways imprison and entomb men. There were prisons to be shattered, not shelters to be sought.

He, as a student of science, understood and welcomed the evolutionary impact of science and technology. He sought to harness their forces to lift from his countrymen the burden of poverty and hunger. He hoped to dot the land with mighty projects and proudly acclaimed them as the new places of pilgrimage. It was crystal clear to him that political freedom had to ensure social liberation and that could come only through economic growth which demanded the fullest use of science and technology in transforming to gainful ends the untapped natural resources of the land. Here too his deep concern for the right means to ensure the desired end led him to espouse socialist modes of development.

His faith in his fellowmen made him a confirmed democrat. He never hesitated to endow the people with wider powers and responsibility because he never doubted their ability to use them wisely. The same faith made him secular in outlook. If religion alone shaped all the contours of life and culture, what would happen to the ultimate faith of man that Rabindranath Tagore had aptly called the Religion of Man ? As nationalism remains creative and positive only when fitted into international understanding, so does religious faith remain protean only in the framework of tolerance and mutuality of respect. To free man from the totems and taboos of traditionalism, to individualise him and to socialise him, to engage his energies and enthusiasm in co-operative tasks of transformation was for Jawaharlal the rationale of his socialist faith.

He loved men around him, not just the children but every single person he could reach. That outflowing love made humanity

respond to him with a rare fervour. As the meanest musical instrument unlocks its harmonies in the hands of the master musician so the meanest of men under Jawaharlal's influence reached forth to the founts of creativity that reside in every man. This profound faith in men was combined with implicit allegiance to reason. It was the intermingling of faith and reason that made Nehru the knight *sans peur* that he truly was.

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JAWAHARLAL NEHRU AND SOCIALISM*

ASOKA MEHTA

Jawaharlal Nehru set before India the goal of Socialism. Patiently and persistently he guided the efforts of India in that direction and left the country committed to it. In a country desperately poor, with the mass of the people engaged in a subsistence economy, where the weight of encrusted tradition holds the people back, it became necessary for him to evolve a new strategy and to work out policies that would evoke and enlist the support of the people. The life-work of Jawaharlal Nehru was to discover the dynamism of growth and change in this ancient land.

It is not that Socialism was unknown to Indian thinkers before Nehru. In fact, some of the leaders of the national movement were not only familiar with Socialist ideas, but were in touch with the Socialist movement. Dadabhai Naoroji attended the Sixth Congress of the Socialist International at Amsterdam in 1905. Lala Lajpat Rai, during the years of his exile in Britain, was a member of the Independent Labour Party. Mrs. Annie Besant was among the founding parents of Fabian Socialism. But none of them was able to communicate his or her vision and understanding of Socialism to the people. Perhaps, they had felt that to make such an attempt was premature, too unrelated to our needs and problems of those days. It was felt to Nehru to

*Broadcast in the National Programme of All India Radio, November 25, 1964.

make Socialism an integral part of the national awakening and effort.

In Europe, the social reforms first became aware of the exploitation of workers in their own countries, and denounced the increasing misery in the midst of growing riches. From that emerged the Socialist movement. It was only much later that the more perspicacious of the social observers noticed the unequal relationship between a colonial possession and the metropolitan power. The understanding of Imperialism was an early twentieth century phenomenon in Europe. In India it was first necessary to make the people aware of the exploitation involved in their political subjugation. It is this persistent loss that Dadabhai Naoroji called "the drain," or bleeding of India. He focussed attention on exploitation, not of class by class, but of one nation by another. Only when Indians identified the source of their increasing misery could they organise for freedom. In India, unlike in Europe, Imperialism was recognised earlier, while Socialism, with its accent on social justice, could engage attention only later.

Nehru never failed to provide the proper sequence to sentiments of national liberation and those of social transformation. Naturally, he watched with fascination the progress of the Russian Revolution. Here was an attempt to give a new destiny to a country outspokenly peasants and encumbered with gross poverty, when judged by European standards. While he admired the heroic efforts to transform the country, he saw it in terms of the urge that must inform, and emerge out of the national movement, and not become antagonistic or alternative to it. That is where he never made the mistake that has characterised most Communists.

Nehru was profoundly moved by Gandhiji's ability to rouse the Indian people to action. He never wavered in his faith in the people, though sometimes this faith proved to be misplaced. His programme of Muslim mass contact, based upon the solidarity of the poor, misfired. He had greatly underrated the hold of traditional forces, the appeal of sectarian outlook and communal passions on the people. All through his life, however, he maintained his faith in the rationality and creativity of the people. He carried them with him to the shore of independence, and form there on to the adventure of democracy, secularism and planned

progress. He made millions of Indians share with him the pride and reverence for the dams, factories and universities that free India was spending its substance on.

Nehru sought to organise the landless labourer and the tenant farmer. He also blessed the efforts to organise industrial workers; his presiding over the Trade Union Congress was more than symbolic. Yet, fundamentally, his communion with the people remained direct, face-to-face. For a socialist he was strangely indifferent to organisation. His effort always was to engage the understanding of the people, to change their thoughts and lift their sights high. He enjoyed the dialogue of ideas with the people which he carried on from countless platforms and considered the dialectics of organisation tiresome.

He was an aristocrat who aroused an egalitarian response from the people; he was an intellectual who warmed the hearts of the unlettered; he was an avowed modernist in whom even the traditionalists recognised a certain reluctance for rupture. He believed in the inevitability of Socialism and, therefore, did not mind a mixed bag of followers. He believed that the people in their understanding and response would make the apathetic active, and the hostile reconciled.

Nehru was a humanist. With him man was the measure of all things. Through Gandhiji was revealed to him the profound depth and majesty of the unity of means and ends. That made him a democrat. His Socialism was, therefore, something to be accepted by the people, not a transformation to be imposed. His aim was persuasion and consent, not power and coercion. As no country in history had fought for its freedom without arms, so also no country so far had embarked on the path of development as a democracy. In both these directions Nehru deemed it his destiny to work for a "revolution by consent." He was convinced that Socialism could be realised without class war and dictatorship. This confidence came to him from his unfailing rapport with the people, from his faith in them; his conviction that the tremendous advances made by science and technology needed to be balanced by a parallel advance in the cultural comprehension of the people.

Nehru saw clearly that India had to make up quickly the leeway in development. He had explored diligently India's past and had made his own discovery of the vitality and originality of

this ancient land. But he had no doubt about the urgent need to change, to modernise, to catch up in productive processes, through education, new thinking and experimentation, with the advanced countries. The motor of this great change he saw in Science. Hence, he ceaselessly strove to give his people a scientific outlook and create for science a scientists a nurturing atmosphere. The nascent National Laboratories are his most cherished memorials.

He bent his energies to blast the inequalities that have traditionally disfigured our hierarchical society. From the early twenties he was restive for land reforms. He progressively whittled down the property rights entrenched in the Indian Constitution. Landlordism and other forms of class ascendancy in rural areas he proscribed. In social life also, he unflinchingly fought the embedded inequalities of sex and caste. It was his courage and determination that put the Hindu Code, designed to give equal status to women, on the Statute book. He carried forward Gandhiji's war against untouchability and instituted measures for the economic and educational rehabilitation of the Backward Classes. The traditional social superiors—the princes, *zamindars* and rich merchants—received no more attention from him than any ordinary citizen. He deliberately tried to dissipate the awe in which they were held. As against that, Nehru made special efforts to elevate the positions of the tribal people, the Harijans and the other disinherited groups. Such a transvaluation of social values was a part of his grand strategy.

He believed passionately in the right of every individual to have equal opportunities in life. "Equal opportunities of growth from birth upwards, and equal opportunities for work according to their capacity"—these words of his define the core of his credo.

The inequality that emerges as a result of economic development, the propensity for the more advanced to draw away the larger benefits of growth, did not escape the notice of Jawaharlal Nehru. He hoped that fiscal and other monopoly curbing measures would provide the countervailing force of attrition. He was on the whole lukewarm towards nationalisation of existing industries. He believed that the scope for expansion in the Indian economy was so great that it was better for the State to initiate fresh developments and, thereby,

dwarf the private sector, rather than abridge it through nationalisation.

The Indian economy had remained arrested under British rule. On the morrow of independence, Nehru's concern was with uncovering the growth dynamism of India. In many directions not only had great advances to be made, but in many more directions pioneering efforts had to be put forth. As the helmsman of Indian economy, it was the pioneering work that aroused Nehru's deepest interest, it was the distant shores that beckoned him irresistibly. It was characteristic of him to take up the atomic energy programme very early and to keep the Department under his personal charge. It appeared axiomatic to him that this development should be for peaceful purposes only and in the public sector alone.

The principal means of accelerating economic development and social change in the country were to come from planning. Nehru set up the Planning Commission in 1950 and as its Chairman endowed it with purpose, direction and critical influence.

For him every Five Year Plan was a stride in the direction of educational, which also meant occupational and productional transformation leading towards a free and equal society, that he understood as Socialism. The public sector had to expand from Plan to Plan and through pioneering work, it was expected to diversify and modernise our economy. Three new steel plants were set up and a complex of machine-building industries was also launched in the Second Plan. The difficult and sophisticated tasks that demand very large outlay and high and varied skills, without promising quick profits, have to be undertaken by the State. These efforts and enterprises, over a period, would transform a stagnant, colonial economy into a dynamic, fully-diversified economy. Nehru gave his attention principally to this exciting, challenging process of structural transformation of the economy. That together with the rapid expansion of education—liberal, technical and scientific—constituted for him the essence of development.

He disclaimed the possession of ready-made blueprints for transition to Socialism. To work towards that objective in an under-developed country with democratic processes was a proposition never before analysed. He could not escape the unresolved

conflict in the heart of social change. The more one seeks equality, the greater is the threat to liberty; the more liberty is cherished, the weaker becomes the quest for equality. Nehru's allegiance to democracy was absolute. It was so because he was convinced that outside democracy, Socialism itself would be debased and distorted. He had hoped that quickening the pace of development would make it possible to sustain liberties and also soften inequalities, not by peddling poverty but by lifting the lower levels of living. It is here that his expectations went wrong. The surge in population growth and the slack in economic growth introduced unexpected constraints in social change.

As the tortoise began to close up on the limping hare, Nehru noted the backwash of development accumulate. He feared that reactionaries, exploiting the hardships of the people, would reverse the very direction of India's course. In the final months of his life, therefore, he decided to impart fresh dynamism to Socialism and to sharpen the edge of social change. He was not satisfied with having Socialism as the objective; he wanted it to be the operating and controlling factor in the development process itself. He began the ingathering of the dispersed Socialists in the country. He made his programme time-bound. He was determined to tune up the Congress Party to quicken the pace of growth and the pulse of change.

When he discovered that we were, as it were, a Plan behind in economic growth and a Plan ahead in population growth, he wanted to revise his strategy, not in its essentials but in its operation. Cruel Fate had willed otherwise. It seems that Nehru was to inscribe only the prolegomenon of Socialist achievements. Be that as it may, the fact remains that he has given us a clear objective, a well-defined course and the instruments with which to accomplish the transformation. To impart to these efforts the urgency and devotion that the demanded insistenly in the evening of his life, is the best tribute that we can pay him and the truest service we can render the cause he cherished, that of Socialism. For him Independence and Socialism were parts of a single seamless purpose and he would not like us to rest till political freedom is completed with economic adequacy for all. That for me is his Will and Testament.

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JAWAHARLAL NEHRU—SOCIAL JUSTICE AND NATIONAL DEVELOPMENT*

ASOKA MEHTA

Jawaharlal Nehru's contribution to the making of modern India is too versatile to be classified and categorised. And yet if he is to be associated with anything specific and central in India's transition into the modern times, it is with his contribution to the conception of social justice as the foundation of national development. The methodology of economic planning was, for him, the chief instrument of securing social justice.

The concept of social justice is not a postscript or a sequel to Indian nationalism. It has been a part and parcel of the Indian national movement for independence and woven into the texture of the ideology of the Indian National Congress since the early 1930s. Nehru was, however, the principal force behind this fusion between the idea of political independence and that of social justice to be realised and made secure through comprehensive economic planning.

Many of us still recall how the All India Congress Committee as its Bombay session in May 1929 came to the conclusion that the great poverty and misery of the Indian people were due not only to foreign exploitation in India but also to the economic structure of society which the alien rulers supported so that their

*This is the address delivered at the Nehru Round Table held under the auspices of UNESCO, at New Delhi, September 28, 1966.

exploitation might continue. In the course of this momentous resolution we expressed the view that it was necessary to make revolutionary changes in the economic and social structure of society in order to remove the poverty and misery of the Indian masses and gross inequalities of which they were victims. Many of us can still recall with emotion the debates at the Karachi Congress in March 1931, in the course of which we drew up the resolution on fundamental rights and the economic programme. Thanks to Nehru we had the courage to say that when India became free the State should own or control key industries and services, mineral resources, railways, waterways, shipping and other means of public transport.

Then again in April 1936, at the Lucknow Congress we came to the conclusion that the urgent problem of the country was the appalling poverty, unemployment and indebtedness of the peasantry which was fundamentally due to antiquated and repressive land tenure and revenue systems. We expressed the view that the final solution of this problem involved the removal of the imperial exploitation, a radical change of the land tenure and revenue systems and a recognition by the State of its duty to provide work for the unemployed masses of rural India.

In December 1938, Nehru, as Chairman of the National Planning Committee, set up by the Congress said that there could be no planning if it did not include big industries. In the month of June in the same year, we find him writing the following memorandum to the National Planning Committee : "The ideal of the Congress is the establishment of a free and democratic State in India. Such a democratic State involves an egalitarian Society in which equal opportunities are provided for every member for sèlf-expression and self-fulfilment, and an adequate, minimum, civilised standard of life is assured to each member so as to make the attainment of this equal opportunity a reality. This should be the background or foundation of our plan."*

Thus a revolutionary change of social and economic structure to be brought about through State ownership and control of industry, industrialisation in a big way, and reform of land tenure and revenue systems were the three broad strands in the economic thinking of the more radical sections of the Congress led by Nehru

**National Planning Committee : An Abstract of Proceedings*, p. 74.

at the close of the thirties.

There is no doubt that, from a historical point of view, the sharp change in the economic idiom of the Congress since 1929 outlined above owes a good deal to the Soviet experiment as seen by Nehru. At the same time, he became somewhat apprehensive in the mid-thirties about the turn of events in Russia and doubts arose in his mind as to the methods employed there. The question of ends and means tortured his mind and the rise of Fascism in Italy, of Nazism in Germany and of the Falangist dictatorship in Spain filled his sensitive soul with great forebodings. It was as a result of deep inquiry and self-search that he finally came to rest his faith in the ideal of a free and democratic State and an egalitarian society to which I have just referred.

We thus see that Nehru was ready with the methodology and ideology of India's transformation into a modern nation when independence came in 1947. The adoption of the Constitution based on universal adult franchise in 1950 and the setting up of the Planning Commission later that year were the first essential steps in this direction. Having devised a machinery for democratic planning, which was the first of its kind to be adopted anywhere in the world, Nehru proceeded to give shape to the plans in the light of his own thinking.

It is possible to sum up the evolution of Nehru's thinking on social justice in a few broad ideas. Introducing the First Plan before the Lok Sabha in 1952, Nehru said that rapid Industrialisation including the setting up of heavy industries was as necessary in the interest of national development as it was to have a strong agriculture. Class differences had to be ended and economic equality had to be achieved; but these changes had to be brought through peaceful means, legislation and the growing pressure of the State. While the State should control strategic points in the economic scene such as banking and insurance, by and large a controlled and mixed economy with certain amount of regulation of the private sector would be enough to bring about the desired transformation. His main contribution in the First Plan were in respect of community development and land reforms, both of which aimed at revolutionising the basis of India's rural economy.

The Second Five Year Plan was built up in the context of the Avadi Congress Resolution on the socialist pattern of society. Nehru emphasised that planning was necessary for the private

sector as much as for the public, and the guiding principles of all social action should be overall social gain rather than private profit. Introducing the Second Plan before the Lok Sabha in May 1956, Nehru said that the philosophy of our planning was to take advantage of every possible way of growth and not to do something which fitted in with some rigid theory. He was convinced that our laws were powerful enough to keep the private sector in check if necessary. Hence, he saw no immediate need for nationalisation although there would be more and more national industries with the latest techniques of production. While the public sector was to be given a wide field, for him, the socialist pattern of society meant a society where there was social cohesion, a society without classes, a society where there was equality of opportunity and the possibility of every one to lead a good life.

Nehru's contribution to the Third Plan was his decisive influence on its size which was double that of the Second Plan. He also pulled his weight in favour of the steel target, provision for power and in the emphasis on physical planning. At the same time, in characteristic manner, he took great interest in the child welfare programmes. Thus over 12 years of Indian planning, we see Nehru contributing the following broad ideas; community development and land reforms, rapid industrialisation and the provision of social services and education and, above all, a methodology of social action based on considerations of social gain after the wider possible consultation of group interests and their acquiescence in a common policy achieved through democratic persuasion.

The final and the finished form of Nehru's views on social justice was essentially practical and pragmatic, ethical and social, altruistic and humanitarian. Starting out in life as a libe-type of democratic socialism in which Nehru came to believe in the power of the scientific method and reasoning and was, at the same time, extremely sensitive to injustice and human misery and suffering. In the end, he came to conceive of a free, good and just socicty, a society of creative individuals, to be realised gradually and peacefully. As long as one believes in an open society, in thoughtful social change through discussion and persuasion, it is difficult to see what better method could be used to transform India into a modern State. Even then, the type of democratic socialism in which Nehru came to believe was probably for him

not an end in itself. It was but an essential phase in the process of revolutionising the way of life of an entire people, of radically altering their attitude of life and work and the world, in short, a phase in the process of affecting a new flowering of an old civilisation. For him secularism and peaceful international co-existence and co-operation were really necessary preconditions for the success of this process transformation. Throughout his life, he had an abiding faith in the rationality and creativity of the Indian people and all he sought to do through economic planning was once again to open up within them the springs of creative thought and action.

For Nehru secularism was not just separation of the Church and the State, demarcation of the realms of God and Caesar. It meant equal acceptance of different religions, as so many mansions in the common House of Humanity. It is basic respect for rival religions that alone can make secularism a creative force. Every religious belief was being influenced by the pressure of a new culture of science and technology. However deep the inward thrust of a religion may be, it had become increasingly outward-looking. It is in that outward expression that community of understanding had to emerge. In the inward thrusts there always was a great similarity in the teachings of the Prophets.

International co-existence for Nehru was a context wheren bristling differences were expected to get blunted. Co-existence envisaged the prospective of approximation in widening areas of nations' efforts. The world was inexorably moving towards growing interdependence and unity. Polarities were yielding place to parallel movements. Men have to learn to cherish the unifying of humanity with the distinctive characteristics of one's language, religion, culture and nationality. Diversity can prevail only when unity is recognised. Unity can grow only when diversity is respected. Democracy; secularism, international co-existence were thus united in Nehru's thinking by a single assertion of man's rationality and creativity that respected other opinions and attitudes and still believed in and worked for unity in action insofar as it was necessary.

Nehru believed that this age of decolonisation and racial equality was also an age of cultural efflorescence. He perhaps tacitly recognised what Professor Alfred Marshall once called the "Social Possibilities of Economic Chivalry". Nehru, therefore,

assumed that the poor have a claim on the rich, the illiterate on the educated, the technologically backward on the technologically advanced. This claim is doubly blessed : it blesseth both the donor and the receiver. That is why he believed in democratic social change inside the country and did not hesitate to seek assistance from abroad for the developmental programmes of his country. He likewise never hesitated to reach out the hand of help to other countries. His basic chivalry was not just a personal attribute but an intellectual belief. The world with its mass awakening and independence would be perilously poised if the privileged and powerful do not always feel, as Professor Gilbert Murray would have put it, the tug of *aidos* about them !

Seen in retrospect, Nehru's lifework was to try and modernise this old land of ours, to revive and free the latent energies of our people trapped in centuries of dead form, to change the ancient and sad face of this country into something which once again was vibrant with freshness, beauty and the joy of life. The chief instrument fashioned by him for this purpose was economic planning, based on law and justice and organised on a democratic and federal basis.

One is also struck, in retrospect, by the economy of organisation wih which Nehru sought to bring about this vast change over the face of the country. He was too firm a believer in individualism to set up a big and intricate organisation through which he could translate his ideas into action. He would rather use his almost mystic powers of direct communion with the people. It was through this continuous dialogue with the people and himself that he was constantly trying to sift and clarify the issues and bring the country ever closer to a revolution by consensus. People at the helm of the organisation were not always perceptive of what he was trying to accomplish, nor was their will always so perfect as to enlarge the ambit of their action to translate his ideas. All this perhaps makes him appear in the light of a lone fighter, a solitary visionary.

Towards the end we find him growing more and more conscious of some of the conflicts inherent in the process of modernisation and social change. One of these inescapable conflicts is that between the forces of equality and justice and those of liberty and growth. Rapid economic growth, particularly in a democratic set-up, calls for certain economic liberties and at

least temporarily for the suspension of some of the disciplines which an egalitarian society is apt to impose upon itself. To the extent to which these emergent forces of liberty are allowed to grow uninhibited and given a free rein, to that extent claims of equality and justice must suffer at least a temporary set-back. We see all around us the agonising spectacle of this relentless conflict. New entrepreneurial forces are forging ahead while the great masses at the lowest rung of the economic and social ladder are being weighed down with lack of initiative and growing indirect burdens of living. Nehru's sensitive mind did not fail to register the acute agony of this situation. It was unfortunately not given to him to resolve this conflict in a manner satisfactory to all and consistent with our basic political and economic framework.

The broad strategy of development that he had evolved fitted the early phase of economic development; it will prove equally relevant when the structural transformation is largely realised. It is during the mid-phase of the developmental cycle that serious difficulties are encountered in reconciling the claims of economic growth with those of social justic. Hence in the twilight of his life Nehru turned to these problems with a new zest. He got some of his senior colleagues to withdraw from Government and urged them to devote their energies and experience to organisational work. Socialism which was earlier a teleological objective was sought to be made a functional force too. He hoped that the Congress would provide leadership to the poor, through conjoint efforts, to take advantage of the developmental activities. He was anxious to make equality an operational instrument rather than just a goal to be worked for. Tensions across the borders of India, internal sluggishness in the economy and his own failing health prevented him from asserting the new orientation. The direction of his efforts was however clear.

It is to this unfinished business that we have to turn. Like a giant of yore Nehru has given a big heave to the traditional Indian society. We have started to feel the joy as well as the pain of change. We have to see that the joy of change increases while the pain of change abates. Basically, this is a matter of organisation. The organisation will be endowed with the desired ethos, elan and initiative to the extent the fundamental dialogue between the leaders and the people is kept up. "As you think,

so you become." Only when we are able to fill the organisational vacuum in the country in this manner, shall we be able to translate into reality the dream that Nehru and his innumerable followers and comrades-at-arms dreamt. This is the dream of filling this ancient land once again with the laughter and joy of living.

35

ADMINISTRATIVE LEADERSHIP*

ASOKA MEHTA

I

When we think of "Administrative Leadership" we do not treat the word "Administration" in the narrow sense; in fact, we make every effort to include the political part of administration. It is not an accident that from its inception, the Institute has had as its President, the Prime Minister of India. Secondly, the Institute is primarily concerned with the problems of what we might call "developmental administration." It is the vital area where new problems have to be handled, and where innovations have to be achieved. Development administration requires that we secure the right kind of relationship between the administrative and political wings. It will be my endeavour to show that it is very difficult to separate the two as they tend to have common and often blurred responsibilities.

If we look at the world today, the style of leadership may be located along the continuum from the predominantly authoritarian control with minimal freedom, at one pole, to a sharing of responsibilities, at the other. If we want to exploit the primitive instincts and the unconscious elements in the people, it must,

*Text of an Address delivered to the Andhra Pradesh Regional Branch of the Indian Institute of Public Administration at Hyderabad on June 30, 1965.

inevitably, lead to an authoritarian type of leadership. A democratic leadership, by definition, has to be rooted in reason. We must recognize that an exchange of ideas on the plane of reason can influence citizens, shape events and determine policies. It is not that popular emotions have to be ignored; but the overarching influence resides in the exercise of reason.

The next thing is : let us be clear about our objectives. There are many piecemeal changes and reforms that have to be effected. Undoubtedly, administration is concerned with details; but I suggest that these details have to be informed by a single incandescent vision and understanding. Without that, the routine becomes frustrating and dissipative. I suggest that the over-riding understanding of our times and for our country is transformation : transformation in economic, social and technological terms. We have to work for this transformation through deliberate phases of concentrated and critical changes.

Then again, this requires the emergence of a broad consensus about our purposes. Whether or not you are a democracy, this has to be done; if you are a democracy, the need is greater still. Consensus, however, must have a coherence : it would be quite possible to bring about a consensus among mutually contradictory things so long as the mass of people do not discover the contradiction. The consensus has to have a coherence, and the coherence has to have a convergence—ultimately, it must lead to a pin-pointing of objectives and a plan of action.

Therefore, what we need is a purpose that spells out the strategy. Planning is nothing but the working out of the strategy. After weighing the various alternatives, we ultimately arrive at a certain broad strategy. There is some room for tactical manoeuvring. but no room for a change in basic strategy. There is, thus, an objective and a strategy, a purpose and a Plan. Now I suggest that the basic leadership resides not so much in many particular person, but in the cause and the broad strategy. This I believe is what Jawaharlal Nahru used to call the "Revolution." He thought of us in terms of "the children of the revolution", and of a nation that has a "tryst with destiny."

And it is this relationship between the objective and our emotions, passion and understanding that one might call the Revolution. I call it the Revolution of Development, which is going to involve and demand the energies and passions of many

more millions than what the political revolution needed for success. This developmental revolution, the cause that it embodies, the strategy that it enunciates, has to be accepted by the tallest man in the country. The greatest conductor can undoubtedly introduce a certain amount of his own genius when he conducts an orchestra. But he cannot violate the score which is laid down in the symphony that is being performed. More away from the score; and it no longer is a symphony, but only cacophony. Within the limits of the musical score, the greatest of conductors can bring about the most sublime of innovations and improvizations.

Please do not think of the Plan as a single document. Whether it covers a period of 5, 10 or 15 years, the segmets have to be related to an ever larger universe. And what is the period of transformation ? Like a butterfly from the chrysalis, we are now going through a stage in this basic transformation. It is during this period that the leadership has to provide the cause and the strategy.

II

We believe in democracy and that imposes certain obligations on us. In a democracy, authority is always limited. In the name of revolution, we cannot ask for unlimited authority. Instead, authority has to be authorized by the due process of law. Further, authority has to be exercised according to an accepted consensus. Power which is graced with rightfulness will evoke a greater response in a democracy. We must realize that the revolution is conceived in a certain context which we cannot afford to give up. The effectiveness of authority in a democracy is measured not by the power that it exercises, but by the willingness of the people to accept that power.

All this is necessary because we are in the midst of global changes from which we cannot contract out. There are certain key items which we have to recognize and which must influence whatever we do. Firstly, no longer are we anchored in traditions, no matter how important traditions may have been in the past. Whether that is good or bad, is another matter, but we cannot hope to find solutions to our problems through such safe anchorages. Secondly, we are literally being called upon to live

with change. Galileo and Copernicus broke up the mental mould of the medieval world by proving that the earth was a planet moving in the Universe. Today, we are in the midst of an even greater revolution—a revolution where man literally is in a position to explore space. This is going to exercise a similarly decisive influence on the mind and the mould of people. All that I can say that ours is a Protean Universe—a universe in which we have to live with constant change, and, therefore, even values have got to validate themselves.

In the past, it was not necessary to apply such searching tests; tradition, authority and the scriptures had laid down definite yardsticks which were generally applicable. Today, these tests are no longer valid, and the new tests demand certain highly sophisticated rational disciplines and men who are capable of framing and applying these tests. As students of administration you know there are various theories of administration that vary from one extreme to the other. There are other theories which emphasize organization at the expense of the people; there are other theories that exalt the people at the expense of organization. The current thinking has been in terms of Revolutionism and Synthesis; neither of the two extremes are particularly relevant. I suggest that, in India, where we are faced by a stagnant economy and startified society, the dichotomy between the traditional order and rational organization bears a certain relevance. In the developed countries, modern writing on admininistration has moved away from this dichotomy. But I feel we are still at a stage where there is a certain validity to this old concept of rational organization. As a developing country we have to learn to operate at two levels. At the operational level, administration must deal with primitive problems and with primitive tools; at the level of understanding, however, it has to operate with a certain sophistication, because the whole effort is to concentrate into a smaller period of time the changes that other people have achieved over a much longer period. This means that the leaders of administration must learn to operate at two distinct levels—the levels of sophistication and of somewhat primitive pre-occupation. It is at the later level where the problems of rational organization have to be tackled and cannot be ignored.

Jefferson, one of the founding fathers of the American Constitution, said that "we frame our Institutions not in the fear

of the follies of men but on their Reason." I am old-fashioned enough to believe in the relevance of this Jeffersonian insight to the world of today. The fastest growth is achieved in those areas where there is the greatest input of Research, and what is Research except control by Reason. You cannot have purposeful Research, unless you accept the validity of what happens by the light of Research. The stock of science and technology is doubling every ten years, and the stock has to be absorbed by individuals and human societies. Science and technology must not become the arbiters of our destiny, but the companions in our quest for a new way of life. It becomes necessary, therefore, to treat society and the human personality as phenomena whose anatomy and physiology, whose magic and mystery have to be understood and analysed by the input of reason. Administration has to deal with a variety of imponderables and ponderables, but to say that such imponderables must exist and persist would be an act of intellectual cowardice and laziness; we must do our best to remove them. The problems of India and of the world today are going to demand that we have this, Faith, that it is not the follies of men, but their wisdom alone that can save us. Let us discover the ways whereby we are touched by that wisdom, learn to evoke it and constantly discover those who want it and the media by which we can carry on a creative dialogue.

The complexity of administration requires specialization and also a certain organization of command. But my contention is that we are in the most difficult and intimidating phase, yet the most exciting period of transformation. It can either intimidate us completely and rob us of the desire to explore the sky; or it can strengthen our wings so that we can measure ourselves against the stars. It all depends to what extent we allow ourselves to be informed by a wider purpose and deeper vision. Specialization is necessary but it is even more necessary that all specializations are related to each other. The need for an integrated approach demands that all specializations must be subordinated to a larger whole. There has got to be an administrative *gestalts* which inspires each segment of specialization.

I will not go all the way with Huxley who said that specialization leads to an evolutionary dead-end. The human species has proved the most imaginative and flexible because it is the least specialized. In a world where we have to live with constant

change, specializations are necessary and will be increasingly necessary, but they must be balanced by the awareness that specialization must not become a dead-end. This is a very difficult task and requires a new discipline.

In this country, the trouble is that we tend to make vague generalizations; so it is necessary at this stage to insist on a measure of specialization. This habit of working back to some beautiful couplet in our epics or scripture as a solution for every problem is dangerous. It is poetical, it is disarming, but it is not a practical tool. There is the danger that specialization will create additional frictions which we cannot afford; and so it has to be accompanied by rational understanding. To use a Hegelian term, one must learn to operate at the level of thesis, anti-thesis and synthesis, almost simultaneously.

III

These appear to be very difficult tasks to set before a nation. But I see no reason why one-seventh of the world's humanity, 500 million people, should not throw up 5,000 or even 50,000 persons who are willing to undergo this kind of a discipline. Stalin once said that he had 50,000 generals, meaning thereby that he had as many people who were willing to understand his ideas on the discipline of transformation and to undertake responsibilities. Today, we do not have even a fraction of that number who speak a common idiom. It does not matter whether you belong to different political parties, or to a particular branch of administration; it is an inter-disciplinary growth which recognizes that there is a common outlook and understanding which shares the rationale of a certain strategy. The reason why our revolution is constantly fumbling and faltering is because we have not bothered to achieve this basic sense of comradeship, this basic approach to a shared goal, that is so necessary at different levels.

One may well ask what has triggered the French miracle; even when the political situation was completely frustrating, there were in various other fields, people who shared a common understanding and a common outlook. There was a certain *esprit de corps* while the whole political structure was stumbling; this is the spirit which enabled France with 10 years to achieve an economic miracle. I would also invite your attention to what Plato said of his

Guardians. He wanted that the Ideal State should be ruled by the Guardians who "had the power of seeing things together." I suggest that the top men—whether they come from the administrative or the political branch—have got to have this ability to see things together. Without this ability, the revolution cannot be processed.

Leadership has been defined as charismatic or ordinary leadership. I do not know in India whether anybody has the charisma. A charismatic leader does not require the monopoly of power, he does not need power to make himself effective. Power comes, as it were, to him and tumbles at his feet. Perhaps, the last charismatic leader we had was Jawaharlal Nehru. A political leader today must have will power and sensitivity to the moods of the period. He should be a *clear* thinker, rather than a *profound* thinker. He can get profound thinking done for him, but nobody can do the clear thinking, except himself. The ability required is not merely to experience the emotions of growth, but to voice the essential aspirations of the people. Broad enunciations of policy are important, but strategies are not spelled out by political leaders alone. Strategies are worked out by a variety of people—political people, administrative leaders, business leaders, technicians, educationists. Every policy has its implications, its possibilities, its mutual consistencies, and a policy can either succeed or fail in its details and nuances, which are completely in the hands of administrators, in the narrow sense of the term.

That is why I think it is very difficult to say where policy-making ends and implementation beings. The one flows into the other; in a special sense, we are all involved in the task of policy-making. The meanest of us can distort, debase and defeat any policy, if somehow he is not brought in tune with it. A leader, whether political or administrative, needs access to new ideas; that is not being done here. In U.S.A. and U.K., a constant effort is made to induce persons to work out alternative ideas and schemes. A man with ideas can demand that they be considered, not that they should be accepted. I am somewhat distressed to find that in India the distance is growing between men with ideas and those who can implement them. The result is that ideas grow sterile and those who are operating today have no new ideas brought to them.

This Institute was meant to bring these two elements together. Is it identifying problems on which the men with ideas can work ? It is not enough to dismiss ideas as impractical; if everything were practical, the world would be completely stagnant. We have got to develop a certain creative tension between new ideas and the practical possibilities that exist. It is difficult to delimit the practical possibilities, when our constant companion is change, transformation of the context and the means within which we are operating. Therefore, we should go out of our way to encourage daring thoughts and formulation. This is not being done today.

IV

I am not at all happy that the Government should be staffed entirly by people drawn from the Civil Service. Why don't we draw people from Universities to serve for short spells in Government ? Why don't civil servants teach for some time in the Universities ? Why don't we draw on the talents of people from business houses and newspaper offices ? It is necessary to organize such an inter-flow of ideas, if a consensus with a coherence and a convergence is to emerge. The development of *esprit de corps* demands more of trust and a greater inter-disciplinary approach. Every problem looks different depending upon from what place and from what point you are looking at it. It is necessary to give men experience of looking at a problem from two or three points of view. This rigid system was good enough in the past; but today we are involved in a developmental revolution and we need a more flexible system.

Then there is the stratified structure of Civil Service. One may ask that if seniority is not accepted as the index, then how does guard against favouritism ? I think we have to experiment and find the answer. In U.S.A., a person is judged, not by the position he occupies, but only by the work he is engaged in and his output. Ours is a highly structured society with a heightened consciousness of status; as such we cannot be involved in a revolution of transformation. This pre-occupation with status is a hangover of the feudal age and, at least, the civil servant should not be a victim of such feudalism.

The revolution demands a certain amount of social over-turning. The crusted soil of centuries has to be ploughed under

and the soil beneath must rise to the top, if a new harvest of hope is to be gathered. I said earlier that the stock of science and technology is doubling every ten years, that means by the end of the century the stock of science and technology will be ten times what it is today. There is a great back-log that remains to be absorbed and by the end of this century, 35 years from today, we do not want to still under-developed. I hope by then we shall be at par with other nations in the world. Think of the accelerated effort that is involved in such development; we will never achieve the goal if we are not willing to skip a generation. If we really mean to make progress, we must give better training to the younger generation and delegate greater responsibility to them.

V

I do not now want to go into the usual problems of administration; instead I was more concerned about going you the wider context in which one has to operate. In the quest for new tools and new techniques, it is necessary that you balance them by some kind of an overriding purpose and understanding. The discipline that is thus introduced is the only solvent of frustration. Most of us who are present here will probably assert that they understand the content of frustration. My analysis is that frustration is a form of erosion. Just as a soil gets eroded, so also a society and a human being can get eroded. There is a process of self-erosion and social erosion. The whole process of rebuilding India is conservation of the social soil, a revival of fertility, conservation of the self and a revival of its creativity. The process begins when we achieve a common purpose, an incandescent vision and a spirit of comradeship. It is only then that we can reverse the process and ensure that growth is stronger than the sense of decay.

The luxury of frustration can only lead to total destruction. For myself the work at the Planning Commission is that of organizing a counter-frustration squad and, for me, the Plan is an adventure in faith—faith in our people, faith in our ability and ultimately, the faith that growth will overcome the forces of decay. There is no getting away from the difficulties and tensions and conflicts that will arise. In the last analysis, we are the children of Light and the children of Darkness. In this conflict between Light and Darkness, all that one seeks to do is to see that the area of

darkness is reduced, and that the area of light should grow. In this effort, every administrator at some stage must ask himself whether as a result of his efforts, things are a little darker or more luminous. Any light that you may emanate will ultimately have its angle of refraction. Our effort must be towards constantly narrowing the angle refraction; if not, then we are not moving forward. Every administrator and leader must realize that there is a tragic penumbra which accompanies all his efforts. Creativity has a certain anguish about it; fertility has a certain price-tag that must be paid. We must not allow this to frustrate our efforts and cripple our creativity.

I had tried to indicate certain broad purposes and policies, I have also tried to bring in a certain philosophical approach. The best administrators in the past were not only very good at details, but were also able to enrich the whole stock of philosophy. The new administrator, therefore, has to display this range of talents. Giving the willingness to measure up to the challenges and given the discipline needed for completing this kind of task, I have no doubt that India is still capable of throwing up a set of administrators who will contribute to the radical transformation of this nation.

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STRATEGY OF DEVELOPMENT IN INDIA

Asoka Mehta

As the Industrial Revolution swept through Western Europe, the figure of Prometheus, his legend and myth, became luminous. Poets of the calibre of Shelley and Goethe sang about "Prometheus Unbound." A recent volume on the Greek legendary figure points out that Prometheus was made a symbol of open-minded enquiry (his very name means "forethinker"), scientific progressivism, labouring for the people, suffering for the people, in the teeth of entrenched authority or obscurantist traditions. Prometheus stole fire from the gods for men, and suffered in the process, but earned heroism; so also must those who seek to transform and modernise our country be prepared to meet with antagonism; those who yearn to carry far and wide the torch of industrial and scientific revolution must realise that they will be made to pay the price.

It was Prometheus who had shut all the ills and miseries of the world in a box which his sister-in-law Pandora opened and let loose the mischief. There are today plenty of Pandoras around us; the ills and miseries will not remain shut up in any box. The future gets radiant only if, like Prometheus, we dare and suffer, in releasing creatively. To the extent the Federation of Indian Chambers of Commerce and Industry claims to be an agent of transformation it will often have to part company with entrenched interestes.

Dilemma of Defence and Development

When we talk of transformation and modernisation, we realise that what we seek is the simultaneous strengthening of the material and technical bases of our social life, our defences and our means of increasing private consumption. For over a decade, after Independence, it was our devoted endeavour to pursue policies which would hold down our defence needs to the minimum. Our restless, ambitious neighbours frowned upon that policy of peace, and a marked step-up in the defence expenditure has been imposed on us. How far can the requirements of strengthening the material and technical bases of society and the means needed to improve private consumption be reconciled ? By subordinating the first to the second, we do not escape difficulties, but only get deeper into that morass as time passes. Only a determined and accelerated effort at the needed transition can break the cruel dilemma posed by the claims of industrial and military consumption, on the one side, and the claims—always legitimate when widespread—of private consumption, on the other. In Yugoslavia, when the threat from the neighbours on the east was grave, the per year investment in defence was 30 per cent and in development, another 30 per cent of the National Income. This determined pattern has enabled the country to ease many of the earlier strains and have today both relaxation and high growth. It is not possible to have that order of drafts on our economy. However, what has to be noted is that a certain scale of priorities does assert itself, and has to be acknowledged.

If consumption is to be restrained, if investment is to have priority, it is obvious that the brunt of the restraint in consumption will fall on the better placed. We cannot compare our standards of living with similarly placed persons in countries that are neither beleaguered by aggression nor fettered by under-development. Where the average rate of growth is low, those who achieve higher marginal rates of growth have to provide larger savings and investments.

Ethic of Austerity

A person may be permitted to earn much but he cannot be free to consume—that is the toll that the twin requirements of defence and development collect from us. Classically speaking, the ethic of austerity has been characteristic of innovating

entrepreneurs and we are still in that classical periods of development. *Where the combined income of the top one per cent of the population is larger than that of the bottom 25 per cent, either the stern ethic is accepted or development is given the go-bye.*

In the unfolding of industrialisation in many countries, resources needed for the transformation were largely obtained from agriculture. In India, agriculture is in such an eroded state that it needs aid from outside. Otherwise, it is apt to crumble completely. The industrial sector has, therefore, to be not only self-financing for rapid expansion but has also to provide some resources for the growth of agriculture. The constraints on consumption . . . . have to be accepted as an inescapable aspects of the social landscape of this hapless land.

Budget—A Tool of Economic Policy

The Budget is necessarily a tool of economic policy and it seeks to direct growth as well as seek social change. The budget influences not only the level and pattern of investment but also its varied locations. Certain sectors and regions can be made more attractive for investment. All this we know and much of it is being attempted. The conditions in India, however, demand a stronger strategy of development; the prongs of planning have to trace deeper and thrust farther.

Industrialist's Responsibility to Agriculture

It is obvious that a great part of our current difficulties can be traced to the intractability of agricultural production. What will help to stir agricultural production ? How far does the agriculturist's involvement in the processing of his produce impart a stimulus ? How far is it the responsibility of the industrialist who depends on agricultural produce for manufacture to impart a stimulus to the grower at his tillage ? It is obvious that both kinds of linkage, forward and backward, are needed. To the extent industry fails to establish backward linkage to farm produce, there will be the need to provide, there will be the need to provide, co-operatively or community-wise, forward linkage for the grower. This is not creeping socialism, but an imperative of development.

Industrial Growth Must Trigger Agricultural Growth

The unfolding of development in our country has so far shown an absence of integration between industrial and agricultural development. Industrial growth fails to trigger agricultural growth. There is little of the spread effect inter-sectorally and therefore, intra-regionally. Development tends to remain confined to enclaves.

Industrial expansion cannot be organised on a "bite your nails" economy in agriculture. If the agriculturist is not just to scratch the exhausted soil for his livelihood, he must be enabled to earn some surplus which he invests to enrich his economy. If such a surplus is regularly scooped away by those who deal in, or process, his produce, some intervention to help the agriculturists becomes necessary.

Windfalls in Foodgrains Trade

The balancing of supplies and demands in many agricultural commodities, more so in foodgrains. will remain precarious for a considerable time. That is part of the rationale behind continued imports of foodgrains, particularly under PL 480, where little pressure gets put on our scarce foreign exchange resources. This precariousness imparts to the trade in these commodities an abnormality arising from the propensity to speculative gains. Far more than in industrial enterprises, it is in the trade in the strategic sectors of economy that the likelihood of windfall gains exists. When the need is to channel every ounce of available resources to investment and development, can such gains, largely illicit, that tend to aggravate the inherent imbalances, be allowed to continue unchallenged ? Here again, the policy conclusions emerge not from ideological prepossessions but from the stubbornness of the economic situation.

Raison d'etre of Monopoly Commission

Where the accent is on investment, ploughing back of profits into the enterprises will continuously take place. That must lead to expansion or foliation of industrial activities. There are other forces too at work that help to strengthen the bigger business houses in the growth march of the economy. To what extent this would spell monopolies is a matter of careful enquiry. There is the need for not just diversification of the economy but of

entrepreneurship also. The many development-institutions now at work will consciously work for such a double diversification. A Monopoly Commission would be constantly watching the economy with a view to direct it into competitive channels. Occasional dismemberment of business concentration or a complex by such a Commission will not mean raids on development, but the enforcement of some kind of "traffic rules" of growth. The experience of other countries, including that of the United States, shows that well-conceived "trust busting" is helpful to industry as a whole, though it might, temporarily have an adverse effect on a particular concern.

Need for Changes in the Process of Income Generation

In our country, the main problem is of idle manpower. The levels of income and of consumption of millions are so low that quick efforts at improvement are imperative. It is obvious that by redistribution of income alone, the position cannot be eased. Redistribution of income has a fiscal validity, but as a solution to our stubborn problem it can contribute only marginally. If population explosion is to be checked and, in its stead, income explosion is to be attempted, it is obvious that considerable changes in the process of income generation itself will have to be thought of. When questions are asked about the structure and strategy of our Plans, it is not always realised that the choice will not be between income-orientation and consumption-orientation but in the possibilities of changes in the process of income generation, that is, in the route and pattern of development, particularly industrial. It is here that the innovating impulse of India will be tested.

Dispersal of Industries and Invocation of Agro-Industrial Development

We undoubtedly need and desire a faster tempo of growth. To achieve it, it is obvious that better use of manpower should be made. To provide employment on a full scale is to accelerate development, both material and human, and as such its claims on capital and organisation must have considerable priority. The surplus labour can be put to work to conserve and develop natural resources of the countryside. The conservation and improvement of soil, water, forest and animal resources will

Tasks of Socialism

In countries like ours, socialism has varied task; its alpha and omega cannot be redistribution of income. It has to re-orient the generation of income. The structure of production cannot remain as it is, because, then we have only stagnation. It must not change under the stress of development towards greater lop-sidedness and aggravation of disparities. Developmental efforts must help a better distribution of incomes, not just after they have emerged but increasingly in the process of their generation. To the extent this is fostered, the urge towards expropriation will be restrained.

Erosion of large property has to be accepted as a part of the grand design of our times. Fiscal and public expenditure devices, abridgement of property rights and impinging on property relations, and reorientation of patterns of income generation are the principal prongs of socialist policies. We cannot acclaim socialism and hope to escape the impact of these policies.

Spirit of Dedication—Supreme Need of the Hour

The ebb and flow of public opinion and varying political pressures can make some difference, but the fundamental drift of Indian economic life cannot be altered. That drift I have sought to define above. It is not any ideological purity that I emphasise for socialist policies and outlook, but only their functional relevance. Friends who know me well enough will affirm that I do talk as a partisan and that sloppy sentimentalism is not among my weaknesses. My plea for an adjustment which the currents of change arises from objective and realistic considerations. Even in so powerful and prosperous a country like America, the late President Kennedy in his Inaugural Address had to warn : "Ask not what your country can do for you, but say what you can do for your country." Events showed that this was no empty demand from the young President. These words, he showed through his martyrdom, were a part of his profile of courage. How much more in a country like India is the need for such an attitude of mind, such an approach to life ! *To give one's best and to seek the least in return, is the definition of dedication. History testifies that beleaguered nations storming to victory against adverse forces have sought their real sword and shield in this spirit of dedication. Can we generate and sustain this spirit for some*

years ? Then we would move on to the sunlit plateau of rewarding endeavours; we will not escape the dark valleys of despair. In the choice that the nation makes, the decision of the industrial elite of India will prove crucial.

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THE QUEST FOR NATIONAL INTEGRATION

ASOKA MEHTA

The purposive sense of unity we possess today has been achieved by us through our explosive contacts with Western ideals and institutions in our search for a better life and our national struggle for freedom as a precondition for that life. The rediscovery of our heritage is itself a part of that search. This search is not something peculiar to India. It is the common search of mankind at the present time. Europe since the Renaissance has been at the van of this movement for a new life, with its spectacular scientific advances and technological breakthroughs, coupled with an abiding faith in the human use of human beings. The great pathfinders of 19th century India like Ram Mohan Roy had a foresight of this life for our people when they struggled to change the given order of things. The scientific, technological and humanistic or secular revolutions which we seek in India today owe their origin to these contacts and influences. Our unity despite all manner of differences lies in a common search for a better life for all.

Our newly emerging values and institutions are the embodiment of this better life. In the final analysis, therefore, our unity is the structural unity of our values and institutions. The values of a people are not merely its common feelings and desires, but they form a variegated tapestry of its desires, yearnings, beliefs and judgments. While they relate to all kinds of things, in a modern society they are best understood in terms

of economic, political and social categories, the latter often covering its ethical and aesthetic norms. By institutions, on the other hand, I mean the set patterns of social behaviour of a people. These, like values, can also be conveniently classified as economic, political and social.

A people has unity if its values in the sense of a harmonious and mutually re-inforcing structure of inclinations, wills and judgments can be squarely accommodated within the framework of its economic, political and social institutions. If these are mutually inconsistent then the people is divided against itself and there is potentially a revolutionary situation. In the France of 1879 the institutions were too decrepit and encrusted to accommodate the basic concept of liberty. In the Russia of 1917 the economic institutions were at variance with both the political and economic faith of the people. In India before independence the political, economic and social institutions were incapable of realising our newly emerging values as expressed unequivocally through our more articulate and politically conscious sections for more than half a century. While the inconsistency between our political values and political institutions has been removed, our new economic institutions in the shape of cooperatives and public enterprises are only slowly coming into existence as vehicles of a new set of economic values. Progress, to be sure, is much slower in the social sphere. Nevertheless, there is no doubt that the great upsurge of unity which we have witnessed in the last few months is really traceable to an overwhelming awareness that our new values and our young institution have to be protected at all costs. Unless the people were convinced of this growing unity between our values and our institutions, they would hardly find it worthwhile to defend them with their lives.

The consistency between values and institutions is never automatically assured. There is a constant conflict in the moral plane in the shape a clash of wills of different sections of the people. A consensus can emerge only if society has suitable political institutions which can keep the contest within peaceful limits. Societies which are such institutions are found sooner or later to bring their conflict of will into open and violent civil strife. Most of Asia and Africa today is in the grip of such a conflict and we should count ourselves lucky that, thanks to the sagacity of the founding fathers of our republic, we have been able to steer clear

of these troubles.

The consistency between values and institutions is difficult to achieve because old institutions are basically organisational expressions of long encrusted values which are no longer values but are mere habits. When new values emerge in a society men challenge old institutions and seek to bring them in line with their values. In many societies this conflict has taken toll of millions of lives, for different classes have become so wedded to old institutions that a resolution of the conflict has followed only an annihilation of some of these classes. A society which seeks to build itself peacefully must therefore try to loosen the relatioship between its different classes and its established institution. This can be done through law if the society is politically mature. Through a constant search for a better life a society continually alters, extends or supersedes its value structure just as it continually modifies, renovates or altogether scraps its old institutions. It is for these reasons that the unity of a people expressed through a dedication to the growing structural unity of its values and institutions proves to be such an intricate and subtle condition of its existence.

It is often said that the unity of a society can be achieved only if its relations of production are consistent with its forces of production. If this means that different sections of the people cannot be really united if there are relations of economic exploitation between them, then there is nothing wrong with this proposition. This only means that adherence to the economic value of greater productivity following a technological breakthrough must wear down the institutional roadblocks to its realisation if society is to keep and move together. The institutions of economic exploitation can be superseded not necessarily; nor always, by force, but through the powerful influence of a slowly emerging structure of values which affects both exploited and exploiters. Besides, values which move men to found new institutions can be social, ethical and political as well as economic just as the institutions which stand in the way of the progress of society can also be other than economic. In our country, however, economic factors today are at least as important as social ones because many of the institutions to the change of which we are committed by our new values are basically economic in nature. Creative impulses for change whether in our value structure or in

our institutional framework will come largely through economic change. While neglecting the social factors may cause delay in the process of change in such a situation, slowing down economic change can have an altogether disastrous effect on the growing unity of our values and institutions. Economic acceleration is therefore our supreme need.

A great battle for the transvaluation of many of our old political, economic and social values is on in this country. On the political plane, not only is the protection of personal life and liberty the first desideratum of a modern state, constitutionally guaranteed, but liberty of thought, expression and belief along with political justice is acceptable as a foremost value. Unfettered and representative party government characterises this new promise of political justice. On the economic plane, justice and equality are the chief aims, equality meaning the equality of opportunity and justice the removal of economic exploitation. It is however on the social plane that a most elaborate structure of objectives has been written into our constitution. Equality of social status is promised. Liberty of faith and worship, freedom of conscience and the right to the free profession, practice and propagation of religion are assured. Cultural rights to languages and scripts are granted. Untouchability has been abolished, titles discontinued, discrimination on grounds of religion, race, caste, sex or place of birth stopped once for all. Child labour, *begar* and forced labour have been prohibited while traffic in human beings has been made an offence under the constitution.

It is the participation of the people in the struggle for the realisation of these political, economic and social values which binds us today more than anything else. Our unity will be complete when we have been able to devise all the appropriate institutions to realise these values in full measure.

38

THE PEASANT AND SOCIALISM

ASOKA MEHTA

The peasant is a neglected subject in socialism. Marx's well-known observation, "Property acquired by one's own labour, by one's own effort, by one's own merit. Are you speaking of the petty bourgeois, of the small peasant property which was before the bourgeois propetry ? We do not need to do away with it. The evolution of industry has done and is daily doing away with it," generally characterised the socialist attitude. The inexorable laws of development were expected to solve the peasant problem.

For fostering revolution, the peasant could of course be supported. As early as 1949 Marx had said : "The great agricultural countries between the Baltic and the Black Seas can save themselves from patriarchal-feudal barbarism only by way of agrarian revolution which would convert the serf or bonded peasants into free proprietors—a revolution precisely similar to that which occurred in 1989 in the French countryside." But what happens after the revolution ? How is the peasant to be integrated into socialist development ? We have already seen the wide divergence between Proudhon's views and Marx's. Can these differences be brought to a common focus of understanding ?

Engels gave two separate answers. As far as small peasants were concerned, he said : "We can win over quickly to our side the mass of small peasants only if we make them promises which we notoriously cannot keep . . . In the first place . . . . we foresee

the inevitable ruin of the small peasant, but are in no case called on to hasten it by our intervention. Secondly, it is equally obvious that when we win state power, we shall not think of forcibly expropriating the small peasant (whether with or without compensation does not matter), as we shall be compelled to do with large landowners. Our task in relation to the small peasants will consist first of all in transforming their private production and private ownership into collective production and ownership—not, however, by forcible means but by the method of example and by offering social aid for this purpose."

In 1875, Engels in his article "Social Relations in Russia" wrote : "Nonetheless it is incontestable that the possibility exists of transforming this communal form into a higher form if only it is preserved until such time as the conditions are ripe for this transformation, and if it is capable of development in such a way that the peasants begin to work the land not separately but in common; then the Russian peasants will pass over to this higher form, avoiding the intermediate stage of bourgeois small-scale ownership. But this can happen only in the event of the victorious proletarian revolution breaking out in Western Europe before the final collapse of this common property—a revolution which will assure to the Russian peasant the essential condition for such a transfer, and in particular the material means needful to carry out the revolution in his whole system of agriculture which is necessarily bound up with it."

The aim is collective property in agriculture, the means include "social aid" and "material means" to facilitate collectivisation and modernisation. Revolution in the industrialised countries of the West was expected to release streams of aid to the underdeveloped agricultural countries. International aid thus becomes a crucial lever of transformation, and it is against such aid that contemporary Marxists have usually railed. Internally, too, social aid has to flow from industry to agriculture.

The Soviet economist, Preobrazhensky, has however stated candidly : "The more economically backward and petty bourgeois a county which enters upon the socialist organisation and smaller the amount of accumulated wealth which the proletariat receives from the revolution, the more is such a socialist state obliged to depend upon the exploitation of pre-socialist economic sources."

The communists have resolved this dilemma by resorting to dictatorship. It is the social democrats who have failed to offer a satisfactory answer.

The socialists remained uncomfortable in the presence of small property. Large property they understood because they could dispossess and nationalise it. But small property ? "We have no use in the Party," Engels had said, "for the peasant who expects from us the prepetuation of his dwarf property." Kautsky had gone further and said : "Our policy must favour the peasant as little as the Junker."

The French reformists sought to explain the small-holding as nothing more than a tool, comparable to "the chisel of the engraver, the brush of the painter," only to be faced with the outcry against this attempt "to smuggle it in contraband, hidden among professional tools, into the domain of collectivism," Jaures' effort to show that between large property and small property there was a difference not merely of degree but of kind : "the one was a form of capital, the other a form of labour"—was not successful ![1]

The attitudes of communist spokesmen after Marx, i.e., Lenin, Stalin, Mao Tse-tung, and Tito to the peasant, I have sketched in my book *Socialism and Peasantry*. I shall not repeat the arguments here. In communist countries the difficulties experienced in adjusting the peasant to a developing socialist economy, of formation of capital in a process the tends to grow at the cost of rural economy, have never been freely discussed. Like other difficulties they remain shrouded in mystery. To the extent Asian countries seek socio-economic changes democratically, these difficulties and the relationship between socialism and the peasant become of seminal significance.

If peasants economy can be modernised, and/or surplus agricultural population gainfully absorbed elsewhere in the economy, there would be no problem. But these solutions postulate large-scale investments. If they come in terms of external aid, again the problem is resolved. But where the resources have to be obtained internally two sets of situation have to be prepared for : (1) that capital formation does not take place at the cost of the traditional, i.e., peasant sector in the economy; (2) as the peasant's output and income have to rise and as resources for modernisation will be limited and as every section would have to

bear its share in stepped-up savings and investments needed for development, it becomes necessary to productivise the traditional modes of production. To that end what institutional and ideational changes have to be worked for ?

But in Asian countries, where the peasant predominates, the socialists have not worked out satisfactory relationships. Acharya Narendra Deva was, by common consent, a great nationalist and *doyen* of Indian socialists. He was unswerving in his loyalty to Marxian socialism. Yet he warned against "the danger of peasantism" in the following words : "There is one more danger to which I would like to refer in this place. It is the danger of *peasantism.* It looks at all the questions from the narrow and sectional viewpoint of the peasant class. Its tenets derived from the ideal that our economic evolution, as the whole structure of our State, will necessarily have to retain its specific peasant character. It believes in rural democracy which means a democracy of peasant proprietors. It claims that for the destruction of the war spirit and for the peace of the world such a regime is more suitable. It would, however, give protection to labour, as labour cannot be ignored. It would also accept the representative form of government because it has found favour with many classes. Its programme is not based on any theory nor does it confirm to any particular doctrine but is constituted of elements drawn from all existing doctrines. It has the outlook of the middle peasant who has been influenced by modern ideas, and is based on petty bourgeois economy. In its crude form it would mean a kind of narrow agrarianism and an insatiable desire to boost the peasant in all possible places. Such an outlook is unscientific and betrays a mentality which may give exaggerated importance to the small peasant . . . . The scientific outlook will be determined by the laws of social change which assign every class its proper place in the social economy of the future. It will be guided by democratic conceptions of social justice, but the process of accomplishing the object will be governed by the laws of social change. The true objective, in the words of Stalin, will be to re-educate the main mass of the peasantry in the spirit of socialism and to gradually bring the bulk of the peasantry into line with socialist construction through the medium of co-operative societies."[2]

What precisely are "the laws of social change" ? How do they operate ? What is the proper place of the peasant class ?

Who assigns the place ? Why should a democracy in which peasants predominate not reflect the mood and mores of the small peasants ? Is Stalinist re education consistent with freedom and democracy ? Must all peasant property and libєrty be gobbled up into collectives ?

The central problem of the relationship between the peasant and economic development remained disguised for socialists by the easy identification of the stresses and strains of development with capitalism. It may be necessary to describe the seamy side of capitalism, but is not economic development *per se* strewn with serious difficulties ? Can such a development attempted under the aegis of Social Democracy escape these stresses and strains ? This question has rarely been posed.

Rosa Luxemburg, one of the most brilliant socialists, in her book, *The Accumulation of Capital*, reaches some conclusions of fundamental importance. She writes : "The general result of the struggle between capitalism and simple commodity production is this : after substituting commodity economy for natural economy, capital takes the place of simple commodity economy. Non-capitalist organisations provide a fertile soil for capitalism; more strictly, capital feeds on the ruins of such organisations, and although the non-capitalist *milieu* is indispensable for accumulation, the latter proceeds at the cost of this medium nevertheless, by eating it up. Historically, the accumulation of capital is a kind of metabolism between capitalist economy and those pre-capitalist methods of production without which it cannot go on and which in this light it corrodes and assimilates. *Thus capital cannot accumulate without the aid of non-capitalist organisations, nor, on the other hand, can it tolerate their continued existence side by side with itself. Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible.*"[3]

Is such accumulation the exclusive character of capitalism, or in lesser or larger measure that is the inherent character of accumulation *per se*, including under socialism ? The question is crucial for Asian countries, because the lack and lag in economic development have to be overcome by stepped-up capital formation and investments.

If socialists are called upon to function, as in Western Europe, after the early problems of developments have been overcome,

these questions need not arise. If the socialists receive massive aid from developed countries, as Marx envisaged in the case of Russia, then too perhaps the rigours might be softened. But when socialists find themselves in power, as in many Asian countries today, with only limited external aid, the question whether the process sketched by Rosa Luxemburg is peculiar to capitalism or is endemic to early development becomes of surpassing importance.

Engels had offered even more penetrating analysis : "For it is one of the necessary corollaries of *grand industries* that it *destroys* its own home market by the very process by which it creates it. It creates it by destroying the basis of domestic industry of the peasantry. But without domestic industry peasants cannot live. They are ruined *as peasants*; their purchasing power is reduced to the minimum; and until they, as *proletarians*, have settled into new conditions of existence, they will furnish a very poor marked for the newly arisen factories." (italics in the original).

Are the swish and thrust of *grand industrie* peculiar to it as such, or only in capitalist context ? In a democratic society why should the peasants supinely agree to be ruined and destroyed ? Experts have shown that economic development and industrialisation absorb the increase in population, agricultural population thus goes down *relatively*, rarely, if at all, *absolutely*. And whatever be the benefits at the end of economic transformation, for Asia today the principal preoccupation is with the *process*, and not the *end-product*, of the transformation. And the process is never painless.

THE COCOON OF THE PEASANT

In 1981, one of the leaders of the Farmers' Alliance in America, Senator Peffer, wrote as follows : "The American farmer of today is altogether a different sort of man from his ancestor of fifty or hundred years ago. A great many men and women now living remember when farmers were largely manufacturers; that is to say, they made great many implements for their own use. Every farmer had an assortment of tools with which he made wooden implements, as forks and rakes, handles for his hoes and ploughs, spokes for his wagon, and various other implements made

wholly out of wood. Then the farmer produces flax and hemp and wool and cotton. These fibres were prepared upon the farm; they were spun into yarn, woven into cloth, made into garments, and worn at home. Every farm had upon it a little shop for wood and iron work, and in the dwelling were cards and looms; carpets were woven, bed-clothing of different sort was prepared; upon every farm geese were kept, their feathers used for supplying the home demand with beds and pillows, the surplus being disposed of at the nearest market town. During the winter season wheat and flour and corn meal were carried in large wagons drawn by teams of six to eight horses a hundred or two hundred miles to market, and traded for farm supplies for the next year—groceries and dry goods. Besides this, mechanics were scattered among the farmers. The farm wagon was in process of building a year or two; the material was found near the shop; the character of the timber to be used was stated in the contract; it had to be procured in a certain season and kept in the drying process a length of time specified, so that when the material was brought together in proper form and the wagon made, both parties to the contract knew where every stick of it came from, and how long it had been in seasoning During the winter time the neighbourhood carpenter prepared sashes and blinds and doors and moulding and cornices for the next season's building. When the frosts of autumn came the shoemaker repaired to the dwelling of the farmer and there, in a corner set apart for him, he made up shoes for the family during the winter. All these things were done among the farmers, and a large part of the expense was paid with products of the farm. When winter approached, the butchering season was at hand; meat for family use during the next year was prepared and preserved in the smoke house. Wheat was threshed, a little at a time, just enough to supply the needs of the family for ready money, and not enough to make it necessary to waste one stalk of straw. Everything was saved and put to use. One of the results of that sort of economy was that comparatively a very small amount of money was required to conduct the business of farming. A hundred dollars average probably was as much as the largest farmers of that day needed in the way of cash to meet the demands of their farm work, paying for hired help, repair of tools, and all other incidental expenses."[4]

The picture drawn above is undoubtedly idealised, it sketches

an Arcadian life which never existed except, perhaps, for a fortunate few. It is also true that such a life had the other side, of hardships and isolation. But with all that the description contains a core of vital truth. Similar descriptions for other countries can be easily cited. The life of the peasant unites various activities together. Not only the family is engaged in multiple productive activities but the village community provides a whole complex of services needed by peasant households. The family is engaged in a multitude of activities and such families are enmeshed in almost self-sufficient village communities.

Economic development, monetisation of activities, specialisation, all disrupt the old, closely-knit relationships. The process of unsheathing and shearing is inescapable. The havoc wrought in Indian villages by the flood of British manufactures, vividly chronicled by R.C. Dutt and others, would occur whenever machine-made goods compete with village crafts. Higher technology tends to disrupt production on lower levels of technique, that is an immutable process. The crime of imperialism is that under it the benefits of industrialisation and the *debris* caused by industries tend to get located in two different countries, one in the metropolitan, the other in the colony. But inside the same country, regionally and class-wise, such polarisation does occur. Over a period of time, say, a century of development, the position ultimately evens out. Hence, socialists are against the evils of capitalism. But even under socialist reconstruction these dangers are inherent. They can be guarded against by special protective measures for the villages necessitating a change not only in the *degree* but the *form* of industrial innovation. Social democracy needs to pioneer thinking in these directions.

The peasant for his own good as well as for social progress has to be freed from the thick web of multiple activities. It might have provided Arcadian life to a few in the past, today the old relationships are breaking down and for the majority they are burdensome. The peasant cannot be allowed to face the rigours of economic development naked and alone. His production is of a type where he easily becomes the victim of a double squeeze. The following description given by C. Wright Mills is not wide of the mark : "A price squeeze was put on the farmer : as he entered the slump (of the thirties), the wholesale price of farm equipment dropped only 15 per cent while production was cut 80

per cent, but the price of the farm produce dropped 63 per cent while production was cut only 6 per cent." Price relationship between agricultural and industrial goods has therefore to be worked out, and it is significant to find that by and large such relationships have been worked out only in developed countries, where the peasant problem ceases to be acute ! Unless the peasants are to be subjected to compulsory levies and the whole economy operated on a nationalised basis, as in communist countries, it will become necessary to work out the implication of stabilising price policy.

THE ENLIVENING SPIRIT

One often hears of modernisation of the productive processes of the rural people. Such an effort demands tremendous investment of capital, and even if that was possible the tiny fragments of peasant holdings and the rapid increase in population make the process largely unsuited to countries of Asia. Here, in the measurable future, the emphasis has to be on *productivisation of traditional elements*. And it is there that the teachings of the utopian socialists become relevant to Asia.

Large-scale agriculture with modern equipment often works hard on the soil. Of the United States, competent observers have said, "one-fifth of our original area of tillable land has been ruined for further cultivation, a third of what remains has been badly damaged. Another third is highly damaged." Both the U.S. and the U.S.S.R. can use their land resources in a prodigal manner, but in most Asian countries land is ravaged and is so scarce that its restructuring, restoration of its health, demands devoted care and labour from the peasant. This is a task that no extensive agriculture can attempt.

The utopian socialists have worked out various socio-political institutions and a set of social values suited to the needs of rural people. The utopian socialists have been as guilty as others (perhaps more) of extravagant claims and arguments, but when their ideas are shorn of these aberrations, what emerges is of vital relevance to rural reconstruction.

More important than the institutional approaches they offer, it is the *ethos* they desire that is of real value. In 1915 Sidney Webb, in the course of the preface that he wrote to Dr. John

Matthai's book, observed : "We make much, in Western Europe and America of Decision by Majority Vote : the Indian village offers us, like the Quaker's meeting, a possibly higher alternative, if we believe in Government of Consent, in the Decision by the General Sense of the Community. In England, our lawyers and statesmen are still encumbered with the Austinian pedantry of a century ago which taught them obligations are just the obverse of rights, and that nothing is a right which is not enforceable by judicial proceedings,—the inference being that there can be no binding obligation to the public at larger, to the village as a whole, to the craft to which one belongs, to all the members of one's family, or to future generations. The Indian village, like the early English Manor, emphasises obligations rather than rights; and far from confining itself to rights on which some particular person could take action for his own benefit, devotes himself largely to the enforcement of obligations to the public."[5]

This assessment of the Indian village was perhaps not correct, even when it was made, but in the forty years or more that have since elapsed, little truth survives in the picture. Today, every villager is encumbered with the Austinian pedantry ! The old attitudes cannot be evoked again. They were the products of certain social institutions and certain social climate. Both have changed and therefore the old attitudes are lost. A new spirit has to reach and revivify the rural society because only through community building can the peasant face in a fruitful manner the difficulties and possibilities that economic development, even when socialistically oriented, open out.

Before we seek the lineaments of the new spirit a basic decision needs to be reached. Should the socialists, as the communists are wont to do wherever they are in power, foment class conflict in villages even after landlordism is removed and use the wide array of tactics developed from Lenin to Mao Tse-tung to use one section against the other ? Should the sole cohesive force in the village be provided by the Party cadre ? If that is the line chosen, democratic rights and socialist values cannot survive. Then must come the whole complex of communist paraphernalia : people's courts, liquidation of kulaks, forced levels and the attendant violence. The other alternative is to help the village to recover its community solidarity and foster autonomy of village community, where direct, face to face democracy becomes

possible. The village and the craft become the smallest social organisms in which a man begins to learn the liberating lessons of sociality without the oppressive weight of custom or cadres. It is on that choice that relevance or irrelevance of utopian socialism, as we have defined and discussed it earlier, will be decided.

The Famine Commission (1880) had said : "India has a poor law, but it is unwritten."[6] That means around 1980 in the village there was a certain spirit of social solidarity and mutual responsibility. The Indian Irrigation Commission (1901-3) had said: "We were repeatedly assured that the maintenance of the tanks was not satisfactory, that *khudimaramat* was practically dead. Others regarded it as only moribund. . . . We are ourselves reluctant to admit that so valuable an institution is really dead and past restoration."[7] The Public Works Commission of 1969-70 had gone minutely into the question and produced a lare mass of evidence to prove its prevalence. So, it was between 1870 (or 1889) and 1900 that the old communal habits crumbled.

Today everyone realises the imperative need of the revival of that community spirit. It cannot reappear in the old form of tradition and age-old habit. It has to be a consciously captured emotion, a deeply-felt urge that makes meaningful man's relations with soil and fellowmen. It is to that end that our utopian socialists from Gandhi to Vinoba and Jayaprakash have striven. Can rural problems be solved, can traditional elements be productivised, without the social *elan* they have sought to impart? Will the socialists insist on educating the peasant in what Sidney Webb has called "the Austinian pedantry" ? Will binding obligations be only to the chosen party ?

The organic needs of village community cannot be met by sharpening class conflicts or party rivalries. Devotion to community building demands an atmosphere of mutual goodwill and not of simmering hostility. Is there any alternative to the fusion of understanding with conscience, to the spontaneous acceptance of ethical imperatives ? Whether the villager will accept these or not is a different question, what is crucial is whether the socialist has any alternative, any escape from them.

Village communities have generally broken down : the villages present a picture of economic *debris* and social decay. It is possible to attempt socialist transformation without reviving the community spirit ? It is true that there are marked inequalities

and embedded injustices in the village; to soften them is the responsibility of the reformers and administrators. The ameliorative measures will tend to remain on paper unless in the village an atmosphere responsive to changes prevails. How to evoke that atmosphere ?

In Denmark, folk schools played a vital part in activising the villages. Education, not just the three R's but of community life, has been widely recognised as a valuable social incubator. From China to Peru the need of mutual aid is recognised, but it is not yet clear whether the mutual aid teams function in an atmosphere of social strife between the various strata of peasants, depending on their economic status or political opinions, and under the duress of economic weapons of the State, like discriminatory taxation, obligatory deliveries of grain, distribution of credit meant to "dislodge the capitalist element from the village," or by fostering in the village a community consensus.

The emphasis, in our opinion, has to be on community life. Constructive work, restructuring of the village community alone can generate co-operation and the spirit that would help traditional elements to get productivised. Modernisation is necessary but the new spirit is needed to create a cultural *milieu* wherein it becomes possible to absorb large investments and higher techniques. This is particularly the case in Asia where the land-man ratio is low, where the pressure of agricultural population demands *intensive* effort for improved production.

Many observers have been deeply impressed with the socialistic developments in Israel, The Jewish socialists ascribe the secret of their success to the widespread acceptance of a common value system, a way to life, that has made it possible for new institutions to emerge and variations in innovations and innovators to take place. A value system that fosters social cohesion can give new meaning to self-help and universalise mutual aid.

The spirit behind *bhoodan* and *gramdan*, even if their entire programme is not endorsed, therefore possesses an enlivening quality. It breathes into the people community-consciousness and civic pride. It fosters the attitude of growing through the community and not at the expense of it. To give to the community, as one tends the soil, is to gather golden harvest.[8]

It is essential to provide economic incentives to the peasant

as also to *increase the range of his wants.* Their significance to economic development will be brought out in the next chapter. It is equally necesssary to widen his horizon; he is apt as Lao Tse pointed out, to sit on the bank of a river and never have the desire to cross it ! If development proceeds at the expense of the village community, it adds to the social tensions and hardships of the villages. Insofar as the changes involve community building *a new development potential* emerges.

Erosion of soil and society has to be countered by fostering conservation : not disruption but organic growth becomes the vital need of the peasant.

It might be asked if a philosphy like that of Sarvodaya, a species of the genus of utopian socialism, would not prove a brake on modernisation ? It is true that some of its ideas, like self-sufficiency of village, are unreal and socially atavistic. But taken as a whole, without such a philosophy—of ethical awareness and community orientation—the cultural milieu needed for development will not emerge. Prof. Milton Singer, a perspicacious observer, has summed up the position as follows : "I have not sought to suggest that Gandhi's reinterpretation of India's otherworldly asceticism will produce in India 'a protestant ethic' and a 'a spirit of capitalism' which will stimulate a development of industrialism similar to the European counterpart analysed by Max Weber. A book on the Indian case would more accurately be titled, 'The Hindu Ethic and the Spirit of Socialism.' I have merely wanted to show that the traditional Indian philosophy of renunciation is not a major obstacle to economic development, that it has in fact been all along functionally linked to the material side of Indian life, and that as interpreted by the religious social reformers of the last hundred years, especially by Gandhi, it is perfectly capable of providing the spiritual incentives and disciplines of a modern industrial society."[9]

The spirit is important, vital, and it has to be ethical, non-militant, essentially utopian, that is idealist—missionary. Such a spirit acts as a lubricant on the wheels of development.

THE INSTITUTIONAL EXPRESSION

In the prevailing conditions of Asia, the village remains the basic unit of administration and economy. The pulverisation of

village will be arrested to the extent the village is helped to rediscover its unity and autonomy.

Dr. John Matthai wrote : "The principal officers of the village—the Headman, the Accountant and the Watchman—though still in charge of administrative duties have become more the servants of Government than of the village community."[10] This situation needs to be redressed and reversed.

As Proudhon tirelessly repeated, a village must be given the opportunity to work with other villages—the federal impulse must be at work in constantly enlarging circles. The village as the basic social cell would grow into larger social organisms.

Village meetings—or even town meetings—of all adults have to be the basic organ of democracy. The principle of unanimity, characteristic of the panchayats in the past as Sidney Webb pointed out, is a desirable principle because it trains people in the art of *fusing* as against *replacing* wills.

In economy, insistence cannot be on collectives or co-operatives. The village must be helped to pool its resources and plan development in community spirit. Inevitably out of that various efforts will emerge but they would be enlivened with the needed spirit.

It is unwise to conceive co-operatives as a lush pasture to which an unwilling herd is to be driven. Small ownership can be a source of satisfaction and pride. Through appropriate incentives joint work, or mutual aid, can be fostered. But to disrupt the umbilical cord that unites a peasant with his plot is to invite social erosion. Through moral sanction and the attraction of example people might enter even full co-operatives, but coercive measures in that direction must prove fatal to production. Extension services democratically organised have within them considerable co-operative potential of the legitimate kind.

In developing socialist societies a new entrepreneurial type can emerge. A keen student of Israel has said : "Perhaps the most important single type of new entrepreneur is what may be called the 'institutional' entrepreneur, coloniser. He is a man who has some say a settlement, in a co-operative enterprise, or in one of the public or semi-public economic enterprises (for instance, some of the Histadrut-owned factories). His main concern has been to maximise the scope of economic activities, the assets and the profits of his own group and organisation, through the best

manipulation of both the market possibilities and the different sources of capital, of credit, and so forth. His conception of his role has not, however, been a purely economic one. He sees himself as furthering the general social values of the society, as helping the general colonising movement and expansion of his own organisation, an assumption which usually has some elements of reality in it. While very adept at economic calculations, he sees them as subsidiary to those goals and expects other people to see his activities in the same light." The discovery and development of such a new entrepreneurial type are important : *service* co-operatives can provide both recruiting and training ground.

Certain amount of interdependence between agriculture and village crafts can be revived. But it is an effort that bristles with difficulties, particularly as on the one hand tools and techniques have to be improved and on the other, to meet the growing pressure of population on land, industrialisation has to be pushed through to provide rapidly expanding avenues of employment and increasing incomes. This takes us to the core of the problem : linking up of the peasant with economic development.

Notes and References

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5. John, Matthai, *Village Government in British India,* p. xii.
6. *Report,* Appendix ii, p. 65.
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ECONOMICS OF RECONSTRUCTION

ASOKA MEHTA

Economic ideas thrown up by the socialist movement during its chequered history have nowhere been systematically brought together. Such a study would make fascinating reading.

Socialists, particularly the Marxists, refused to discuss details of socialist society. Karl Kautsky's caustic comment was typical of their attitude : "They (opponents) look upon the socialist commonwealth just as they would upon a capitalist enterprise, a stock company for example, which is to be 'started', and they refuse to take stock before it is shown in a prospectus that the concern will be practical and profitable. Such a conception may have had its justification at the beginning of the nineteenth century; today, however, the socialist commonwealth no longer needs the endorsement of these gentlemen."

Capitalism was doomed; to expose its contradictions and further its decomposition were the main tasks of socialists. Historical forces were inexorably working for the triumph of socialism. Hence, it was wholly unnecessary to waste time in sketching any picture of socialist society. Speculation about the probable nature of the socialist society was deemed to be not just useless but harmful. "The useless and harmful thing is the making of positive propositions for bringing in and organising the socialist society. Propositions for the shaping of social conditions can be made only where the field is fully under control and well understood," commented Kautsky.

The inarticulate major premise of all socialist thinking was that the productive forces would be developed by capitalism, and only at their maturity would be socialists have to come in. The problems of *economic growth*, particularly working out the stages of transition from an underdeveloped to developed economy, were neglected by the socialists as by others. Where socialists have been in power over a period of time, as in Sweden, they have undoubtedly advanced far the frontiers of welfare, but in economic life the emphasis has been on stabilisation rather than on socialisation. Furthermore, in developed countries the problems of economic growth have no longer the same relevance as in the under-developed countries.

No readymade blueprints of socialist transformation exist in the classics of socialism. Marx had said : "Production, distribution and consumption. . . all form parts of a whole differences within a unity. Production predominates over all other factors. From it the process begins each time anew. . . only 'vulgar socialism' revolves primarily round questions of distribution." Inspite of the Master, most socialists have paid scant attention to production and have revolved "primarily round questions of distribution." That has been at once the glory and the limitation of most socialist thinking.

Engels had warned : "History is the most cruel of all goddesses. She drives her triumphant chariot over heaps of corpses, not only in war, but also in times of 'peaceful' economic development." The course of the chariot, the laws of economic growth, was never sketched by the socialists. Stalin hitched the Juggernaut and left a heap of corpses in the wake of development. But those of us who cherish democratic and humanist values have to discover methods that would contain such cruelty.

Where socialists come to power, they have to work out a policy, (i) for industries, mines, etc., that are already functioning, and (ii) for the development and growth of economy, for augmenting the productive capacity. The first relates to taking over, the second to a "take-off." Both are interrelated and demand devoted thought and effort in overpopulated, overwhelmingly agrarian countries, as in Asia.

The first opportunity to shape the future came to the socialists of Western Europe after the First World War. As Otto Bauer put it : "The victory of democracy in Central Europe is the result of

the war, the consequences of the defeat of the Central Powers. . . The war has made the people poor, unspeakably poor. . . The war which has led democracy to victory has also forced us on the road which leads to Socialism."

In Germany two Socialisation Commissions were appointed one after the other. Their deliberations provide a rich mine of information which has not been adequately utilised. The Commissions rejected the idea of "complete socialisation" of "socialism at a gallop," a policy that was carried out, perhaps under the stress of circumstances, by Lenin and which has since then been rigorously pursued by the communists favoured partial socialisation, like that of coal mines for instance—a policy which the Labour Government pursued in Great Britain after the Second World War.

During the early discussions on socialisation, as against the Socialisation Commission's proposals for nationalisation of all coal mines—that is *horizontal* socialisation, proposals for *vertical* socialisation were made; according to these proposals socialisation ought to be applied only to a section of the mines, and include, at the same time, a corresponding portion of the iron and steel industry, the cement industry, and other coal-using industries. The protagonists of such *partial yet integrated* socialisation argued that their proposals would enable government to know the net costs of the production of coal, coke, crude iron, steel and their products and thereby facilitate effective control of the crucial sectors of economy, including those parts that continue to remain in private hands. These proposals were rejected, and they remain consigned to the limbo of the past.

Another suggestion then made, in the economic scheme put forward by Wissel and Mollendorff, was of organisation of production by joint efforts—through self-governing organisations on which representatives of workers and of employers, as well as of trade and of consumers, would be represented. The workers' and employers' representatives, who were to have equal rights, would be chosen by the trade unions and employers' association. Perhaps these and similar schemes provided inspiration for the law of co-determination applied to coal and iron and steel industry in West Germany after the Second World War.

The economic organisation suggested for socialised coal mines was as follows : "The entire German mining industry is to be transformed into a united and practicable corporation. The

private undertakings as well as those of the state will be transferred to the possession of this economic body. Thus a great national coal organisation will come into existence, which will be directed by the workers, the management and the community acting in concert. The Commission majority reject the motion of transferring the coal industry to a bureaucratic State Undertaking."[1]

Public corporation, as against departmental administration, has been the chosen instrument of socialisation since then.

It will be seen that in matters of socialisation of existing industries etc., decisive thinking has been done in the West and since 1919 little fresh ground has been broken.[2] In Asian countries, we merely trend the beaten path.

In democratic countries in Asia, where socialists have been in power, as in Burma or in Ceylon, complete socialisation has not been accepted. Partial or piecemeal socialisation has been preferred. In Asia of 1948-58 as in Europe of 1918-20, this aversion to complete nationalisation and adherence to partial socialisation continue to mark the dividing line between socialists and communists.

If we look up the early programmes of socialist parties in countries of Asia, we find (as, for instance, in the case of the Congress Socialist Party) "nationalisation of the means of production, distribution and exchange" stated as an objective to be pursued. If such omnibus expressions are now outmoded it is time that they are consciously discarded. Limping socialisation can be as bad, perhaps worse, than galloping nationalisation characteristic of the communists. The warning given by Prof. Neurath, a German socialist, in 1919 is still valid; "Society would be paralysed if graduated steps in nationalisation were to be contemplated during the next few years, and partial anarchy allowed to exist meanwhile, for those employers who had been left alone by the policy of socialisation would be enable to make far-reaching decisions and dispositions, because they would not know when their turn would come next." A constant threat of nationalisation can paralyse economy.

Discriminating socialisation is the distinctive characteristic of democratic socialism, because total or galloping nationalisation and political democracy cannot exist together. The rhythm of nationalisation, pursued by the communists, must severely restrict liberties and augment hardships.

Socialisation, however, is concerned with what already exists, is established and functioning. The real task that faces under-developed countries is of new construction, of transforming traditional economy into a modern, efficient economy. Here, Western socialists, unlike in the sphere of socialisation, have shown little fecundity of thought. The same Prof. Neurath, wrote : "The level of material life of the community can only be raised by means of an adequate economic policy. It is not enough to be acquainted with productive possibilities and the total social requirements. The community must be able to control the movement and destination of all raw materials and resources, men and machinery. . . If we give serious attention to the task of transforming society, the first thing we need is an economic plan. What is essential is a clear survey of the movement of raw materials and resources." Prof. Ballod, another member of the Socialisation Commission, worked out in considerable details the production and consumption possibilities in a social state of Germany. These ideas, valuable as they are, sketch the designs of total planning whose fuller picture the Gosplan offered in 1928 in Russia. But for those who cannot accept total planning, as being destructive of democracy, no guidance comes from Europe. Socialist policies relevant to stages of economic growth have to be worked out by Asian socialists themselves; the changing relationship in growth of different sectors, the choice of growth-producing sector in the economy, the varying techniques of production to be employed, the use of surplus manpower as a source of capital, the pattern of development in relation to the rate of growth desired—these are among the problems to which classics of socialism or chronicles of socialist efforts provide little guidance. Here new voyages of thought become necessary.

THE DOUBLE PRESSURE

The urgency for development in Asia is quickened not only by the long period of neglect and arrest but also by pressure of population that threatens to grow at an unprecedented rate. As a recent study by the United Nations shows, in the next thirty years the population of the world is likely to double, and a large part of the increase will be in Asia. This rapid increase can create severe problems unless economic development runs ahead of the

increasing population and thereby checks its growth or at least prevents added hardships from emerging. Growth of population leads to increasing urbanisation; for every one per cent increase of rural population, there is roughly 2.5 per cent increase of urban population, not through births alone, but mainly through migrations. In urban areas, the metropolitan centres grow even faster : at the rate of five per cent a year or more. These urban agglomerations unaccompanied by rapid economic development would spell grave consequences. These double pressures economic development has to counter.

The complications that population growth can create for economic development have been worked out by Coale and Hoover in their recent study, *Population Growth and Economic Development in India, 1955-1986*. The theory of the "vital revolution" shows that economic development brings about a striking reduction in death rates and that the decline in the birth rates typically occurs after a substantial time lag in comparison with the decline in mortality rates. Between 1891 and 1921 the total population growth in India was little more than 5 per cent, between 1921 and 1951 population grow by some 44 per cent. The "vital revolution" has reached India.

Whether fertility rate is high, medium or low makes considerable difference. According to the projections offered by Coale and Hoover, in 1986, population under different rates could be 775, 634, 589 million respectively, or a difference of nearly 200 crores !

The difference that population increasing at a faster rate makes on economic development has been worked out by the two authors and their tentative conclusions read as follows :

> "These projections show total national income rising under the low fertility assumption by a little more than 200 per cent in thirty year period, which implies an average annual increase of 3.8 per cent. The growth itself shows an acceleration, rising from about 3 per cent per annum at the beginning to more than 4½ per cent at the end. By contrast, under high fertility the national income increases by 126 per cent in the thirty years, or at the [illegible] and the rate by the end of [illegible] about 1.7 per cent.

"In terms of *per-consumer* income the contrast is much more striking. Under low fertility, per-consumer income increases by 92 per cent during the period, and in the last five years is rising at the rate of nearly 3½ per cent per year. Under high fertility, the initial improvement of per-consumer income tapers off by 1976 and is followed by an accelerating trend of actual retrogression. At no time is the consumer as much as 20 per cent better off than in 1956."

In 1986, with high fertility, national income would be 226 per cent of 1956 production (=100) and per-consumer income 114 as against 100 in 1956. With low fertility the figures would be 307 and 192.

It is therefore clear that unless development gathers speed early enough, growing population can retard further development. Again, if after thirty years' development efforts, the per-consumer income remains virtually unchanged, can stability be maintained ? Stagnation and stability cannot go together. Only a rapid *tempo* of development can maintain an accelerating momentum, check fertility, raise levels of living and uphold democracy. Socialism has to beat the stock !

Urbanisation has its own characteristics in Asia. In India, in 1951, there were 55 million urban people, in 1961, the number is likely to be 80 million. By 1986, it can be 193 millions. As high as 37 per cent of the population can be in towns and cities by 1986, as against 17 per cent in 1951. There is nothing surprising in this. In Mexico, which is not far removed in socio-economic conditions from us, 45 per cent of the population live in urban areas today.

Although the proportion of urban population for Asia, as a whole, is only 13 per cent, more than 8 per cent is "metropolitan urban." The non-agricultural labour force is roughly 30 per cent. At a similar degree of urbanisation in western countries, the United States (1850's), France (1860's), Germany (1880's), and Canada (1890's) had roughly 55 per cent of their labour force engaged in non-agricultural occupations. Of the world's 897 cities with populations of more than 100,000 persons, 463 are located in countries with more than half the population occupied in agriculture, and 434 in industrialised countries. The total population of the first group of cities is roughly 160 million; that

of the second group, approximately 155 million. Asia, for its economic development, is already "over urbanised."

In Indonesia, it was found that between 1930 and 1950-51, urban areas that grew because of economic activities increased their population from 5.36 million to 9.77 million; while those towns that grew for other reasons increased their population from 1.39 to 4.33 million. The rate of growth on the first group was 82 per cent, in the second 212 per cent. "This shows that not only the largest cities are growing faster than the smaller ones, but also that cityward movement was considerably more important for non-economic reasons than for economic ones."[3]

The implications are obvious. The drift towards urbanisation is stronger in Asia. It must make increasing claims on housing, sanitation, etc., and, to that extent, reduce resources available for productive growth. The slower the tempo of development, greater will prove the deadweight of urbanisation to be carried.

Another and greater problem is that of obtaining increasing food supplies for the expanding urban population. The Food-grains Enquiry Committee (India) recently reported that the requirements of urban areas would increase between 1956-61 by 33 per cent, as against expected increase in food production by about 14.7 per cent. How to coax the fast increasing demand from the peasant ? Increasing population and growing urbanisation give to the peasant a primacy that socialism in Europe had no occasion to accord to him.

THE GROWTH INDUCING SECTOR

In the socialist movement in Asia, is there any agreement on what constitute the growth-inducing sector in the economy ? Whatever be that sector—and that is undoubtedly an important question—none can gainsay the need of stepping up, in a decisive manner, agricultural production, of foodgrains as well as of commercial crops. In Mexico, real industrial development began in 1939—and since then national output has increased at an average of 7 per cent per year. In this span of less than twenty years, agricultural production has grown more than two and half times; forty per cent of it now consists of raw materials for industry. There can be no industrial revolution without a simultaneous revolution in agriculture. Even if the growth-

inducing sector is in industry, or in some segment of it, the momentum of growth cannot be sustained unless agriculture opens up its production potential.

In the condition of Asia, agricultural production cannot increase without a revival of community spirit. It is not a more question of input and output but of tending ravaged land, improving irrigation facilities, composting and manuring—in brief, activities that yield results only through community effort. Increased production is important, yet more important is to increase marketed surplus. It is that surplus which meets the needs of industrialisation and urbanisation.

Increase in production does not automatically lead to increased marketed surplus, because the propensity to consume is great among the peasants. The following table illustrating Russian experience need not be viewed as exceptional :

(in millions of tons)

Type of Producer	*Pre-War*		*1926-27*	
	Produced	*Marketed*	*Produced*	*Marketed*
Landlords	9.6	4.5	—	—
Kulaks	30.4	10.4	9.6	2.0
Small and Middle Peasants	40.0	5.9	64.0	7.3
State Farms	—	—	1.3	0.8

Marketable surplus fell from 26 to 13 per cent of production. To avoid such an eventuality not only agricultural production must be helped to increase fast but the peasant also must be induced to have diversified wants for which he would be willing to part with his produce. Community development as distinct from just agricultural improvement helps to generate diversified wants and thereby further production as well as marketable surplus.

It is from the point of view of this surplus that the understanding of the *sarvodayists* is fundamentally faulty. If a village becomes self-sufficient, if it limits its wants, a grave crisis can confront the urban people. Agriculture itself must be diversified and intensified in such a way that it provides productive work almost all the year round. If agriculture continues to remain backward, if ancillary work is provided mainly through substitution

of urban goods by rural products, a new crisis would open up.

There is a tendency to think of agriculture and industry, of rural and urban people, in isolation, while the essence of development is their growing inter-relationships.

There is undoubtedly a certain conflict between agricultural life and industrialisation. The conflict cannot be resolved in a stagnant perspective. Only rapid development can convert the incipient conflict into fruitful collaboration. That has been the teaching of developed countries. Mr. Alexander Gerschenkron has thus summed up the experience : "In viewing the economic history of Europe in the nineteenth century, the impression is very strong that only when industrial development could commence on a large scale did the tension between the pre-industrialisation conditions and the benefit that can be expected from industrialisation become sufficiently strong to overcome the existing obstacles and to liberate the forces that made for industrial progress."

For industrial development to commence on a large scale many conditions have to be fulfilled. The most important condition, however, is that priority should be given to such productive activities as would help to improve, revolutionise, tools and techniques. That means that iron and steel, coal and power industries should receive precedence. Therein is the core of the growth-inducing sector.

Development means reinvestment of the surplus of total product less labour and other costs. Whatever increases the surplus accelerates the development. Two American economists, Walter Galenson and Harvey Liebenstein, recently calculated the employment potential over a period of years in different types of textile production. The data are from India and 1943 prices and conditions are the bases. The results are tabulated below :

Employment Provided by Initial Investment of Rs. 1200

Years	*Modern Mill*	*Handloom*
5	5	35
10	34	35
15	242	35
20	1718	35
25	12200	35

To meet the challenge of increasing population and poverty, industrialisation and mechanisation have to be stepped up. To those ends, as also to obtain requisite surpluses for development investments, the heavy industries demand special attention.

During the long gestation period, consumer goods will have to be augmented by the most efficient use of available light industries and productivisation of traditional handicrafts. The essence of socialism lies in the ability to overcome lack of capital in the decentralised sectors of economy by better organisation, co-operation and social awareness.

Introduction of new and better tools and techniques demand new skills, new attitudes and rhythms of work, and new social discipline. The base of economic development and the social awareness that can effectively utilise the new sources have to grow together, symbiotically as it were. A distinguished British economist, Sir Dennis Robertson, said recently : "The sacrifices necessary to achieve growth consist not only in passive abstinence from consumption, but in something which is much harder . . . namely, consent to being disturbed in established routine of life and work." Such a consent has to be given not only by peasants and artisans, but by socialists too.

DEVELOPMENT AND SOCIAL ORIENTATION

Socialists have a profound interest, deep involvement, in the welfare of the people. Economic equality and social security have become potent mainly through their efforts. The cycle of production becomes meaningful only when it ends in consumption, and that depends on equitable distribution. It is only by raising levels of living of the working people that productive efforts gain meaning and momentum. In all development there is an embedded propensity towards inequality, as, among others, Prof. Gunnar Myrdal has shown in his books.[4] Inequality is not only ethically unacceptable but economically restrictive. To sponsor countervailing measures, to foster equality, is to be a true partisan of progress. The accent on equality and welfare characteristic of socialism can never become too strong.

In underdeveloped countries the growth of productive process cannot be taken for granted. They have to be consciously fostered. As Lenin said in 1923 : "We have now the right to say that the

simple growth of co-operative societies in our eyes is identical with the growth of socialism. We must, however, admit that we have fundamentally altered our conception of socialism. This fundamental change consists in the fact that formerly we laid, were compelled to lay, the greatest emphasis upon political warfare, upon the revolution, upon the seizure of power. Now the chief emphasis must be on peaceful, organising, 'cultural' work." From a fight for a fairer share, a change in favour of improving the economic-technical development might remain. Take housing, for instance. It is an essential measure of social welfare. In the United States, since 1890 (with a few years of exceptions) industry and housing have each received equal attention, about one-fourth of total investment. During the 1930's the Soviet Government allocated to industry roughly 40 per cent, and to housing only 10 per cent of total investment. In the 1950's housing has been getting about half as large a share as industry. Obviously, one would prefer the U.S. pattern of allocation of resources from the point of view of social well-being and balanced growth. But that would be at the cost of slowing down the tempo of industrialisation in the case of underdeveloped countries. Were the communists wiser in cutting down housing by 75 per cent (of the total investment) and stepping up industry's share by that much ? Such painful dilemmas the socialist cannot escape. What is said of housing can be said about other amenities, everywhere difficult choices have to be made and inadequate allocations distributed in a manner that may not wholly square with socialist conscience.

A similar dilemma faces the quest for equality. Investment is the essence of development, and investment comes from profits, whether the profits be in private or public sector. There are valid reasons for the cutting edge of Maurice Zinkin's comment : "In Asia, even more than in Europe, politicians are afraid that profits have a somewhat obscene sound, offensive to the purity of mind of their electorates. But nothing creates capital as quickly as profits, and the courageous politician might well find that his electorate would tolerate a good deal of such obscenity in return for a better life for their children it brings with it."[5]

How to channel profits into investment is a problem that deserves constant attention, and that is possible only if we cease to frown on profit *per se*.

This leads us to the question of orientation of economy. What powers the drive towards development, production or consumption ? In the nineteenth century, dynamics resided in production. In the interplay by which production and consumption reciprocally stimulate each other, the initiating impulses came predominantly from the side of production. In the interaction between investment and income growth, the causal claim tended to run predominantly from investment to income. Consumption and demand played a dependent role; the motive forces were mainly on the side of production and supply. Under socialist pressure the roles are sought to be reversed. The production-oriented economy is a harsh system. In the West its crudities have been tempered by the growth of social reform; fiscal measures favouring the underprivileged, social security measures and nationalisation of certain monopolies like coal and railway transport. Distributive justice seeks to restrain and train the productive thrusts in economy. In Asia, can distributive justice *generate* the productive thrusts ? Otherwise, the outcome would be petering out of the developmental impulse. Can Plan provide a common focus for the claims of distribution and production and provide the requisite social discipline behind it ? The communists have a clear answer. If the socialists endorse the answer *in toto*, their distinctive vision must fade. If they have a differerent answer, it needs to be adumbrated with clarity and courage.

DYNAMICS OF NATIONALISATION

What, in essence, is a Plan for the communists ? How is it constructed ? How is it implemented ?

"A Plan represents a comprehensive set of accounts linking a series of output, investment and consumption targets with the projected factor commodity and money flows required to assure their attainment. Contrary to Western practice, in the Soviet Union and Eastern Europe these accounts, called *balanced estimates*, do not constitute just a series of forecasts of provisional models based on varying hypotheses assumptions, but a definite set of tasks which must be accomplished and which are binding as a law for the society as a whole."[6]

Plan "binding as a law for society as a whole" is possible only under totalitarian control. While the communists object to

all efforts at capital accumulation and production orientation of economy, when they are out of power; on seizure of power their drive in that direction becomes single-pointed. As a Polish planner, Hilary Minc, remarked : "We must do away with the erroneous conception that increase in productivity must always be accompanied by an equal or even superior increase in wages .... That would be an effective contradiction to the fundamental laws of socialist accumulation. These laws imply that increase in wages should progress more slowly than the increase in productivity because this is the only means of achieving a decrease in cost and increased accumulation for investment."

The "erroneous conception" fatal to the augmentation of profit for the purpose of increased investment is deliberately fostered by the communists while in opposition, and the stern laws of economic growth are brazenly denied. Once in power, with that heave of history a decisive somersault is taken. That of course is dialectics !

Socialists, who are wedded to democracy and humanism, cannot function with double standards. They have to pioneer a single discipline of understanding and action.

The communists might argue, as many a socialist is apt to argue, that accumulation of capital takes on ease and a qualitatively different form once the productive forces are nationalised. All mischief resides in the intervention of private ownership between productive forces and their utilisation; to tear down the intervention is to open up the sluices of abundance. *To be cured of that illusion is the alpha and omega of democratic socialism.*

We have throughout argued in favour of discriminating socialisation. Wholesale nationalisation sought by the communists has no economic validity, only political advantage in forging total control of the state on society. The communist process of nationalisation affects not just the key segments of economy but farms, petty trade, artisans' shops and services. In China, recently all residential houses have been nationalised. The result of such indiscriminate and sweeping nationalised is not economic improvement but harassment of the people. As Matyas Rakosi stated during the 1953 "new course" reversal, "whole villages and city districts have remained without a cobbler, tailor, locksmith, plumber, electrician and other craftsmen .... If anyone wanted to have a broken window replaced, or a farm implement repaired,

he would have to travel 20 or 30 miles to the country seat." What perfect chaos under total planning !

Nationalisation shares with controls common characteristics : a few selected controls can be effective; when the limit gets crossed, more and more controls need to be piled up, and every fresh control makes the whole system less effective and more vexatious. Dynamics of nationalisation, unchecked, carries it not only to excess but to oppression. That is why periodically the pressure is relaxed in communist countries : then in agriculture, retail trade, crafts, the corset of control is loosened and free initiative given a breather.

Once total nationalisation is rejected, the market and pricing system come into their own. They obviously cannot be allowed to work unchecked; the state would take appropriate countervailing measures. They are however meant to enhance the social utility of the market, not to undermine it. In Asia, the socialists have taken the market mechanism for granted; it is time effective research is initiated.

In economic development the motive force comes from those who have the urge to innovate. The produce something new or differently, and to produce somewhat abundantly are the two aspects of innovation. Under capitalism the role was played by the entrepreneur—Joseph Schumpeter's "innovating entrepreneur" who is largely weak or non-existent in Asia—and under communism by the *cadre* and the commissar. Under socialism the creative impulse has to come from *experimentation* : new institutions and novel efforts : in some cases workers' control of factory, elsewhere trade union ownership of enterprise as in Israel, industrial estates as nurseries of new entrepreneurs, public corporations, co-operative management, private ownership—these are among the varied foliations of socialist spirit. It is through such experimentation that, as individuals or in corporate forms, competent captains, engineers of development will emerge.

Wholesale nationalisation presumes that the state, its apparatus, has powers of initiative and enterprise inherent in it. This is as gratuitous an assumption as to believe that Asian economy can blossom through capitalist innovations alone. Such power have to be carefully tended and husbanded.

Innovation and experimentation are not confined to the managerial plane. Their importance to technique is no less :

the *form* as well as the *degree* of industrial innovation is variable, a fact which the communists have ignored and the socialists have not fully recognised. The truth, that in Asia not just the relations of production but the forces of production also may have to be modified, needs to be branded on our consciousness.[8]

Economic development cannot prosper in isolation. With the onrush of energy, of vital creativity, its demands will never be confined to economic life. Such a surge, once started, affects all activities. As Prof. John Nef has recently shown in his book, *Cultural Foundations af Industrial Civilization*, no industrial revolution proceeds without an intellectual renaissance. Commitment of human minds to new creative upsurge is a necessary hallmark of development. Socialists' chosen arena therefore cannot remain politics or economics, the whole domain of culture must receive their vitalising impulses and, in their turn, be enriched by such protean commitments. In a depressed and oppressed world, socialism has to be the voice of conscience, it has to touch human thought with the vision of tomorrow and the faith needed to realise it.

Notes and References

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4. *Cf.*, *Rich Lands and Poor.*
5. Maurice Zinkin, *Development for Free Asia*, p. 43.
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YOU AND THE VOTE

Asoka Mehta

The General Elections in India are to be held in November and December, 1951. There will be the first elections on the basis of adult franchise in our country.

What are General Elections ? How do they concern you and me ? Have we any part to play in them ? What do we gain through them ?

For fifty years or more, we fought the British rulers and the princes, because we favoured People's Raj. The poverty and misery of the people, our experience told us, flowed directly from the old irresponsible governments. The hardships of the people found small expression in, and little influences on the policies of the governments that were mainly shaped in the interest of the alien rulers.

To end poverty and hardships we have realised that we had to change the old *regime* and have a new political system wherein people's wishes would be effective. It is this awareness that provided the driving power behind our Freedom Movement.

After the achievement of freedom we have therefore set up a democratic state wherein the ultimate power resides in the people. Democracy has been well defined as a government of the people by the people and for the people.

As a country is usually large and the people are numerous, they cannot meet together at one place to transact their business. To facilitate the work, people select their *representatives*, who meet

together to transact business according to the wishes of the people. Hence, our democracy is known as *representative* democracy. The selection of the representatives, the key-stone of the arch of democracy, is done through elections. Such a general election, that is selection of all our representatives, will take place in November-December this year.

The General Elections, based on adult vote, will provide an opportunity to the people to determine the character of the government and their policies.

ELECTIONS DECIDE POLICIES

Most of us have been critical of the policies of the government, and have advocated, from time to time, different policies. The food muddle has irritated us, the steadily rising prices have angered us. The General Elections provide an opportunity for registering our protest. The General Elections create a situation where criticisms of the citizen become effective.

In 1930-32, there was a severe economic depression in the United States of America. Millions of men were thrown out of employment and the farmers, with catastrophic fall in prices of their produce, were going bankrupt. Hundreds of banks had closed their doors thereby ruining countless small investors. In November 1932, general elections came and the American people elected Roosevelt in the place of Hoover who had failed to fight back the depression. President Roosevelt developed new policies and from 1933 a surge of strength and health passed through the American economy.

Measures of social security such as sickness, insurance, old-age pension, unemployment benefit, national health service, were obtained by the working people in United Kingdom by influencing one government after another, through successive general elections, particularly those of 1909 and 1946. The result is that today £ 19 (Rs. 250) per head per year are spent by the state to provide social amenities and securities.

General elections provide periodical opportunities to citizens to approve or condemn the record of a government and indicate the diretion in which the majority of the voters would like the country to move on important issues like land reforms, nationalisation of specific industries, reduction in price level, simplification of controls, etc. The general elections thus help to bring clarity

and precision in the policies of a country.

Such clarity and precision cannot emerge unless a large number of citizens participate in the elections. In the past, only a minority of the people were entitled to vote in our country—just 13 per cent. The rest of the people had no vote. And even those who had vote could not influence policies beyond a certain limit. For instance, they could not vote the British Government out of power.

WHY BOTHER !

Today, 18 crores of adult Indians, over half the total population, are voters and they can, through their vote, instal another government in the place of the present Congress Government, and for instance withdraw India out of the British Commonwealth. The people are now sovereign as they never were before. The proper occasion to exercise and assert that sovereignty of the people is at the time of the general elections. Such is the focal significance of General Elections.

You might turn round and argue that among eighteen crores of voters, what difference will your one vote make ? If you do not bother to vote, the results, you might say, would not be much affected. Such a view is fundamentally wrong. You remember that story of Badshah and Birbal ? Once Akbar Badshah had asked all his courtiers to fill up a tank with milk. Each one was to pour in it a bucketful of milk. Every courtier assumed that as others would be supplying milk, his bucketful of water would not be noticed; the tank was found to have been filled up with just water.

If you keep aloof, and millions of individuals like you who constitute the voters react the same way, the poll will be very low, and few scheming persons will get hold of the government for their own selfish ends.

Not to vote is to surrender one's freedom and sovereignty. Wherever democracies have achieved good governments and developed sound policies, they have done so through a large vote. In Great Britain, in the general elections of 1950, nine of every ten vote is voted.

HOW TO VOTE ?

But how is one to vote among 18 crores of voters ? Where to vote ? For whom to vote ?

To facilitate the work of democracy, the different States in India are divided into a number of constituencies. There are 3,055 constituencies, mostly of one-member, for the State Assemblies, and 496 constituencies for the House of the People.

Bombay State, for instance, has 315 constituencies. As the population of the State is 327 lakhs, there is one representative for every 104,000 persons. As the area of the State is 110,130 square miles a constituency on an average covers an area of 350 square miles or a region of 17½ by 20 miles. As there are 33,867 villages in the state, a constituency may have round about 110 villages.

A representative to the State Assembly is to be chosen by a region of 350 square miles, having over a hundred inhabited localities and a population of little over 100,000. In such a constituency there were twenty or more polling stations, so that no voter will have to walk more than two miles to exercise his vote. As the election day will be a general holiday, no one will experience any difficulty in exercising his vote. Voting will be by *secret ballot*, that no one will know for whom you vote, and you cannot be penalised for your vote.

In Bombay State, a constituency will have sixty thousand and odd voters, who will choose their representative. So, your vote is not one in 18,00,00,000 but it is one among sixty thousand. Its power to influence events is thus great.

But the sixty thousand voters are not all of one mind. They hold a variety of opinions. How are their ideas to be sorted out. How are policy of agreement to be ascertained from a wide variety of views ? How is coherence elicited from a medley of opinions ?

BROKERS OF IDEAS

It is here that political parties play a part. They are the brokers of ideas and sanctions behind policies. If in the Bombay State Legislative Assembly 315 members are elected without any party affiliation or policy commitment, there would be confusion because no one would know precisely what the people want. Under democracy, particularly where the parliamentary form of

government prevail as in our country, voters have not merely to choose their representative but also to communicate their preference for a particular party as most competent to undertake the responsibility of the Government. Political parties thus enable popular opinions to be organised and made effective.

In India today there are a large number of political parties. Most of them, however, are of a local or sectional significance. The intelligent voter realises that, in the conditions of our country today, local and sectional parties cannot shape events and determine fundamental policies affecting the welfare of the people.

In countries where parliamentary democracy has existed for some generations now, local and sectional parties have yielded place to national parties, usually two or three major parties operating all over the country.

In India too, after the general elections, we shall find that Indian opinion is mainly expressed through two or three major nation-wide political parties.

Why need there be more than one political party? The reasons are obvious. There is more than one way of meeting and solving a particular problem. The problems that face our people may be tackled in a variety of ways, which may be divided into three or four main categories. In India today we are facing a many-layered economic crisis caused by stagnant production, falling employment rising prices, shyness of capital and mounting scarcities. Such a crisis will provoke more than one reaction among the people. Some may want to overcome the crisis by a bold programme of social and economic reforms. Others may desire to follow a policy of adjustments, compromise and patchwork. There may be others still who may want to move backwards rather than forward in order to get out of the coils of difficulties. These basic differences in the approach make it necessary to have more than one party in the country.

PARTIES AND PROGRAMMES

The Congress Party in our country believes that the critical times through which we are passing demand a policy of moderation. It is primarily concerned with the consolidation of the gains of political freedom and the integration of princely states The economic difficulties, it hopes to meet by seeking the co-

operation of men of capital. It fears that radical changes might dislocate our economy further and therefore favours a policy of caution, in short, a conservative policy. In economy, in administration, in fields as well as in factories, the approach of the Congress Party is one of caution and conciliation. Co-operation of the traditional leaders in economy and administration is sought, and that is the reason why basic changes in agriculture, industry, finance and the machinery of government are sternly discouraged.

On the other hand, there is the Hindu Mahasabha that is hardly interested in the economic and social problems of our people and has no hesitation in co-operating with jagirdars, zamindars and other socially retrograde elements in our society. The Mahasabha bases its politics round the religious impulses of the people and hopes that the solidarity so generated may be a substitute for the social strains and economic hardships of our times.

The Socialist Party believes that the difficulties that confront our people today provide both an opportunity and place on us a responsibility for ushering in fundamental changes in our social order through such measures as distribution of land to the tiller, and the abolition of privilege in the social and economic order. For the Socialists, freedom can survive only through expansion, through a surge forward from the political sphere to economic and social spheres.

The Communists Party lacks faith in the Indian people and believes that their problems can be solved only through the intervention of the Soviet authorities. That is the reason why the policies of the Communist Party are drawn up not to meet the needs of the Indian people, but to suit the convenience of the Soviet Government. The Communists further do not believe in democracy and do not hesitate to destroy democracy when such an action suits them.

Now, you can easily discover wide range of agreement with one or the other party discussed above. If you are for marking time, for going slow, you would favour the Congress Party. If you are inclined to revert to the old society with its courtesies and cruelties you would turn to the Hindu Mahasabha. If you have lost faith in the Indian people and look only to outside help and guidance for any progress that we are to make, you would turn as not only the Communists but a number of other splinter

parties in the country are doing today to the Soviet Union for deliverance. If, however, you have confidence in your own ability and a reliance on organisational strength you would support the Socialist Party.

Opinion thus gets polarised round different parties. By supporting the party of one's choice, one influences events and shapes policies. Suppose a large number of voters desire fundamental changes in our social and economic life they would then ensure the elections of Socialist candidates from a number of constituencies thereby giving the Socialists a majority in the legislature. That majority would enable a Socialist Government to be formed which would then have the opportunity to embark upon the big changes and reforms that the people have voted for.

Political parties are, therefore, the vehicles through which the views and aspirations of the people travel to and reach the seats of influence and authority. Political parties bring coherence in the welter of individual wills and conflicting wishes.

"BEST OF ALL POSSIBLE WORLDS !"

In a constituency from which a representative is to his elected, there will be between 50,000 to 75,000 voters. As a number of parties and individuals will be contesting the elections there be a number of candidates seeking the support of the voters in each constituency. To elicit and enlist the support, the candidates will be issuing manifestos and holding public meetings. Most parties and politicians are in the habit of placing their case, through manifestoes and meetings, not in an objective but emotional way. Recently the *Eastern Economist,* discussing the policy of the Congress Party worte :

> "There are not likely, as far as I can see, to be many changes in the future; no new nationalisation, no fresh controls; no large incursions of welfare introduced via labour legislation. This is certainly not a popular solution, and I expect that every effort will be made in the Congress election manifesto to make things look otherwise. The predominant sentiment at the present time is a desire for equality and due deference must be paid to the moving spirit of all revolutionary movements. The term "vested interests" will need to figure

in any election manifesto. If the Congress is wise—and I believe, it is—it will speak the language of our age and act in terms of our needs. It was talk equality, but it will act production. These are, of course irreconcilable. But since talk is only to be reconciled with talk and action with action, it is possible that all will still be as it is the best of all possible worlds !"

—(*The Eastern Economist*, May 4, 1951, p. 739)

Because the *Eastern Economist* is a highbrow journal that is not read by common folks, that the Congress strategy is so frankly stated and discussed. It, however, shows that even when the Congress policy be one of maintaining economic *inequalities*, it will clothe it in the language of equality. It is this tendency that makes most manifestoes seem alike : Manifestoes of parties that mean change (like the Socialist Party) as well as those that do not mean change (like the Congress Party).

ANSWER, PLEASE

The veil can be torn, at least partially, by attending the meetings and asking questions to the speakers. The speakers of the parties that do not mean what they say are in the habit of being vague, both in fact and logic and emotive. By asking the proper questions, the real meaning can be uncovered for the benefit of other voters who would be attending the meeting. Questions to the speaker are therefore an important means of separating political wheat from the chaff.

If the questions are to be effective, one must know what questions to ask and which not to ask. It is much better to put questions that ascertain facts and truth rather than those that disparage the speaker. From that point of view, the following are bad questions to be avoided :

(a) *The Leading Question* : "Is the speaker prepared to promise that his party will do everything in its power to repair the damage caused by its past housing policy ?" Here, the speaker cannot answer *yes* or *no* without apparently admitting that his party has caused damage, and this may be quite untrue.

(b) *The Vague Question* : (Usually stated in a tone of voice which demands that the speaker shall at once give a short and convincing reply) : "What about War ?" Obviously, no speaker can answer so general and wide a question, briefly and precisely.

(c) *The Extending Question* : This is an effort to extend a person's point of view and policy beyond his stated position. If a speaker advocates friendly attitude to the Muslims, to shout at him, "If the candidate is a supporter of Pakistan, why does he not go there ?" is to resort to the extending question.

QUESTIONS THAT HELP

Such questions do not help political elucidation. Questions that help are those concerned with :

(1) *Clarification* of the principles on which, in spite of so much apparent agreement, the parties differ. Questions of this kind will need to ask how the candidate (and/or his party) would deal with *particular* problems, such as the distribution of direct and indiret taxation (in order to find out his attitude towards equality *versus* inequality of income and status), food prices, prohibition.

(2) *Extraction of the concrete proposal* from the vague promise. Questions of this kind will also need to come down to the particular—for instance, to ask the candidate to translate "I believe in the best education for all" into terms of how much money should be spent, in how many years, and at the expense of what other services.

(3) *Extraction of evidence* : This is not always practical. For a candidate cannot be expected to keep in his head—or even in his portfolio the exact figures (for instance) of profits in road transport after nationalisation. Nevertheless, if he makes a claim for his own party or attacks an opposing party, he should be able at least to give rough figures or to indicate where the precise figures can be found. Otherwise, he has no right to make the claim—and the questioner is entitled to make that clear.

You, as an intelligent voter, can thus help other voters to *think before the vote.*

PIPER AND THE TUNE

But this is not the only part a voter can play in the elections. He can help to keep them clean. Elections cost money. Printing of appeals, holding of meetings, transport of voters, etc., cost money. In Great Britain, experience shows that the expenses are distributed in the following proportions on different item :

Paid employment	14 per cent
Printing and Stationery	45 per cent
Advertising and Bill posting	10 per cent
Postage, telegrams, telephones	5 per cent
Rooms for Public meetings	5 per cent
Committee rooms	4 per cent
Speakers	3 per cent
Miscellaneous	7 per cent
Emergencies	7 per cent

In the last general elections, the average expenditure per candidate was £ 628 or about Rs. 8,300.

In India too, similar expenses are inevitable. Even on the most modest estimates, it will cost Rs. 2,500 to Rs. 3,000 for a candidate to fight, with hope of success, for a seat in a State Assembly. The Congress Party has already announced that it will be spending over Rs. 10,000 per candidate. In fact, in a few recent bye-elections, the Congress Party did not hesitate to spend Rs. 50,000 per seat. The Congiess Party, according to press reports, will spend over Rs. 5,00,00,000 (five crores) on the coming general elections. From where will this huge amount come ?

There are three ways of getting the money : (1) Put up rich candidates, (2) get finances from Big Business, (3) let the candidates reimburse their expenses from administration and other corruption.

The Congress Party has been utilising all the three methods. Permits and licences have been freely used by the Congress members of legislatures. The vehement opposition to the ineligibility of permit holders for contesting elections is not without

meaning. Some months back, it will be recalled, that Sri Ramakrishna Dalmia had reminded Pandit Nehru of the fact that he (Dalmia), had paid expenses of Congress candidates in the province of Bihar in the last elections. It is for similar help given that Big Business has been able to claim and extract concessions from the Nehru Government.

So long as political parties draw their finances from the rich, it is unlikely that fundamental, social and economic changes can take place. In Great Britain, the Labour Party could usher big changes because its finances came from the workers. The Trade Unions contributed £ 315,000 (Rs. 42,50,000) to its election funds. The amount was raised by contributions of 6d. (annas) from the crore of members of the Trades Union Congress. With this fund, the Labour Party could meet the challenge of the Conservative Party that had raised, like our Congress Party, £ 10,00,000 (Rs. 1,30,00,000) from the rich and the privileged.

Even in the United States Trade Union Organisations like the American Federation of Labour and the Congress of Industrial Organisations raised $ 20,00,000 (Rs. 90,00,000) for the recent general elections.

It is for that very reason that the Socialist Party in India has invited trade unions, kisan panchayats, and co-operatives, to "sponsor" candidates, that is to nominate candidates on Socialist Party's ticket and through small collections from their members, find the election expenses, and thereby control them and the Party.

DEMOCRATIC FINANCE

In the U.S.A. the Republican Party, the "Grand Old Party", like our Congress Party used to raise bulk of its funds from rich businessmen. The following quotation from Dr. Louise Overacker's book *Presidential Campaign Funds* clinches the issues :

> "More than sixty members of the Du Pont clan contributed over $ 200,000 to various Republican Committees. The $ 164,000 contributed by the Pew Family was listed under a dozen names; contribution from the Rockefellers exceeded $ 100,000. Three Queenys (identified with the Monsanto Chemical Company) gave over $ 55,000. These are only the more conspicuous cases of family giving."

As against this the Democratic Party received no contribution from one family in excess of $ 10,000.

The sources from which contributions are drawn provide equally revealing reading (see p. 385).

President Roosevelt's progressive New Deal Policy scared the tested interests away from the Democratic Party. They gathered round the Republican Party, more than half of whose financial news came from the manufacturers and other monied people. The Democratic Party having lost the support of the top few, reached out for the small contributions of the Common Man working in the offices, factories and professions. From lawyers, doctors, teachers, clerks, stenographers and factory workers the Democratic Pary raised 35.5 per cent of its campaign funds in 1936 and 33.8 per cent in 1940, that means, the Democratic Party raised from the third estate as much as the Republican Party got from Bankers, Brokers and Manufacturers. To be progressive in politics involves the forfeiting of the financial support of the rich.

In India, too, if the General Elections are to free the people from the coils of vested interests, the bulk of the winning candidates should be financed by contributions of the common people, like you and me. The Socialist Party therefore relies upon the contributions of persons belonging to middle and working classes. If you desire clean politics in the country and rapid development of the country, you can help by democratising the financ-s of political parties and candidates. Your contribution, and your efforts at collecting similar contributions from your friends and acquaintances, would go a long way in giving the country a clean and efficient administration. It would mean strikiug at the very root of corruption.

SUMMING UP

Facts and arguments outlined above may briefly be summed as follows :

(1) In democracy, elections occupy the focal position. People can influence policies and determine the character of government through elections, that is through VOTE.

(2) It is therefore necessary to have a big poll. Bigger the poll, more representative the government.

	1932		1936		1940		1944	
	Dem. %	*Rep.* %	*Dem.* %	*Rep.* %	*Dem.* %	*Rep.* %	*Dem.* %	*Rep.* %
Bankers and Brokers	24.4	20.5	3.3	14.7	3.1	13.7	5.2	16.7
Professional People	12.2	7.4	12.7	4.4	8.6	4.1		
Manufacturers		16.3		29.6		34.0	8.1	24.2
Office-going People			12.6		19.3			
Labour			10.2		15.9		18.0	

(3) As a wise householder spends some time on his roof to check the tiles and adjust the thatch so as to save trouble in rains, a wise citizen likewise spends a little time at the time of the election in voting with understanding so as to avoid future leaks and hardships.

(4) Vote is by secret ballot. You are at fullest liberty to vote as you choose. Any intimidation of the voter is illegal and should be resisted. *No one can stop you from voting, no one can bully you into voting for a particular candidate, and no one should be allowed to bribe a voter.*

(5) Vote can influence policies and shape decisions only when you vote for a political party, and not an independent candidate. The effectiveness of the vote increases when you vote for a national party in preference to sectional or regional parties.

(6) The speeches and statements of different political parties should be carefully stripped of the verbiage to discover the kernel from the shell. Behind the screen of words one should go to the substance of meaning.

(7) Political parties are controlled by the strings of finance. To control your representative, it is best to help him to finance his election in a broad-based and democratic manner.

(8) Thirty years of struggle has given us a free and democratic state. The right to vote is the most precious right we have won. The edifice of free India can be built by the brick every citizen brings through his vote. Intelligent vote cannot only influence policies and shape the contours of government, but also help to control the administration even after the elections. Vote, exercised with understanding and care, can put the reins of government in your hands. You can shape a better future through a wiser use of the vote.

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DEMOCRATIC SOCIALISM IN A DEVELOPING SOCIETY*

ASOKA MEHTA

The annals of India are scattered with records of varying attempts at people's participation in administration. Our history can boast of republics and democratic experiments. In the same way, our people over the centuries have refined many ethical concepts; the pantheistic and monistic philosophies that we have evolved undoubtedly carry undertones of equality. Fellowship and community-consciousness cannot be unfamiliar to a civilisation that has survived the many vicissitudes and challenges over countless centuries. We can draw sustenance from the past for our vision of democratic socialism; we can trace the roots deep of the fruits and foliage that we seek.

It would be wrong, however, to equate the early achievements of our forefathers with our own precise and contemporaneous aspirations. In our long history many centuries were aglow with freedom, and only a few centuries were darkened by subjection. But when we struggled to free ourselves from British rule, we defined independence afresh. We drew strength from our rich past, but future we sought was more in keeping with modern trends. In judging the value of the changes that both preceded and followed our political independence in 1947, we used the

*Address delivered in Madras on July 18, 1964, at a function held to honour Shri K. Kamraj.

touchstone of democratic institutions, as shaped not in ancient Bihar but in modern Britain. By democracy we mean the Rule of Law, the independence and supremacy of the judiciary, civil liberties and fundamental freedoms, periodical elections and representative government. The content of democracy is modern, largely shaped by the experiences of the West. It is such an institutional structure that we have enshrined in our Constitution, though in seeking to enlarge democratic functioning, we may seek strength from the past, as in the resuscitation of the panchayat, and also turn to unfamiliar yet attractive achievements in foreign countries, like the setting up of an Ombudsman.

In understanding and delineating socialism a similar logic applies; essentially, its concepts and content are derived from the experiences of the West of over a century. When we speak of Socialism, it is that framework of productive relationships and distributive justice, of profund technological transformation and cultural change, that we seek to establish. To that framework we shall of course add many things that are distinctive to us and also selectively draw upon the experiences of others, particularly the Communist countries. The basic framework in socialism, as in democracy, however, remains limited by the recent experiences of the West.

In articulating democracy or socialism there is little room for chauvinism. To talk of Hindu socialism or Dravidian socialism is to stultify the concepts and negate the content. Both the ideas implicit in democracy and socialism and more so their achievements, are modernist; they denote a world-wide fraternity of the future, not some exclusive groupings of the past.

The second observation that I should like to make is that in Western countries, democracy did not flower till the economy had considerably diversified and modernised itself. Socialism with its cry for social justice and democracy with its political pressures to that end gained effectiveness, more or less, at the same time. In less developed countries where the Communists, emerged at the top, they concentrated on diversification and modernisation of the economy—often through social revolution—before advancing towards democratic liberties. In India, the diversification and modernisation of the economy have to be brought about under the press and pull of democratic functioning. It is this juxtaposition, at once critical and creative, that makes the Indian experiment

the minority will seek to dominate, that is, short-circuit the democratic process. Many countries of Asia and Africa testify to such a *denouement.*

A stationary society reproduce more or less what it consumes. Its inputs and outgoings broadly balance and there is limited differentiation. If in India for many centuries millions remained socially outcast and economically depressed, it was because the social structure was stationary, perhaps stagnant. When population increases and aspirations grow, when the needs of defence or other national interests assert themselves, simple reproduction becomes an integument that has burst asunder.

That change spells a process involving *input transformation.* Stated simply, at any point of time there are available quantities of disposable inputs (labour, capital, equipment, land, etc.) which may be transformed into products for current use or which may simply be allowed to remain idle. Inevitably, some of these inputs will remain idle and 80 to 99 per cent of these used will be transformed into consumable goods and services. These are essential to existence, but they contribute little to the subsequent flow of inputs and the possibility of lifting the per capita income. The balance (1 to 20 per cent of the inputs), will be transformed into income-generating or future-oriented goods and services, that is, into goods and services that make for increase of total output. Whether or not there will be economic growth and development turns on whether an adequate part of the available inputs are transformed into income-producing goods and services.

In any economy of stationary reproduction there is no possibility of accommodating increase in population, as our experience from 1891 to 1921 showed. Secondly, there is little chance of responding to the emerging aspirations of the depressed sections of the people, because the reproduction of wealth does not expand. Thirdly, in the stationary conditions, established inequalities cannot be easily altered. In an expanding economy there are both economic surpluses and an atmosphere of easy optimism that facilities modifications. Societies with stationary reproduction confronted by new pressures, including those of democracy, will experience mounting tensions resulting in social explosions and political upheavals.

Democratic socialism averts such consequences by seeking to dynamise the economy, that is, by constantly augmenting the

reproduction of wealth through channelling fractions of national income, not for immediate consumption but for income-generating efforts.

It is often argued that primacy, nay, immediacy, be accorded to the urgent needs of the people; food, clothing and shelter. Division of income-generating inputs to consumption can improve the immediate position, but the short-term gains would be obtained by greatly upsetting the future position. It means an invitation to increasing misery.

It is, perhaps, paradoxical but true that the mass of men will be assured of food, clothing and shelter in the prevailing conditions only when they are also survived of many other things, maybe steel mills and power stations. The latter, as it were, become not the destroyer but the guarantor of the former. Must events brand this truth on our consciousness ?

Let us try and resolve the paradox : our soil, yielding harvest year after year, is considerably exhausted and eroded. Unless varied nutrients are given to it, its sound texture restored, and maintained, and better agricultural practices developed, our land cannot yield the food our people need nor produce the raw material to clothe them. This restructuring of the soil requires many modern, industry-based inputs, such as chemical fertilisers and pesticides. Even water cannot irrigate large areas or achieve intensive dosage of application unless electricity is wedded to agriculture. We must realise that where population keeps increasing and popular expectations grow, there is no stable balance between production and requirements. The demands keep growing and changing—in food, for instance, there will be a shift from millets, from inferior to superior varieties of grain. These demands on agriculture can be met only by constantly raising modern, industry-based inputs. For just food alone, in the dynamic conditions of today, we get caught in the technological toils.

Not just in food, but for meeting almost every elementary need, development in the wider context has to be considered. The objective of any effort at development is obviously to lift the levels of living of the depressed sections of our people, that is, to meet their basic needs and open to them, through education and employment, avenues of advancement. Meaningful employment has to be found for millions of our people who are today workless,

overtly or in a disguised manner. These simple changes involve a considerable transformation of the economy, that is, accretions and differentiations in the process of production. A high rate of growth is needed to achieve the desired social goals. The growth rates have a certain inescapable relationship to organisation of inputs in the economy in terms of techno-economic considerations. Food, clothing and shelter cannot be provided to our vast and growing population with stationary reproduction. It requires expanded reproduction, and that will bring in involvement in technological changes. The technological factor is the element, but it is a creative element.

The tools of planning are sufficiently sophisticated to tell us how much of technology developed activities will be needed to ensure minimum living standards and assurance of reasonable employment to our people. With the help of modern aids, like thc computers, it is possible to work out, with a fair degree of approximation, the needs of various sectors of the economy. It will be found that many investments not directly concerned with the basic needs of the common people are necessary. If they are not made, either economic growth will slump down or demands for imports will shoot up. Imports have to be paid for by exports. Exports from an economy engaged in simple reproduction must result in shortage that hurt.

Development means substituting expanded reproduction for stationary reproduction, that means a deployment of resources or inputs in a manner different from past experience as well as immediate needs. It means operating on a time horizon. Needless to add that the greater the attention paid to simple reproduction, the easier will it be to find the resources for attempting expanded reproduction. Our ability to embark on income-generating projects depends upon how well we are doing in our normal economic work. That is what is meant when it is said that long-maturating projects have to be balanced by quickly yielding schemes.

What is particularly socialistic about the process of transformation sketched above ? What are its implications for democracy ?

The transformation we have discussed was first attempted and accomplished by capitalists in Western countries. It was the ravages of that transformation that evoked socialist reaction. In the developing countries today the socialists have an opportunity not just to react to happenings, but to shape the course of action

itself. Herein lies the main difference.

Other differences can be broadly listed.

The process of transformation involves changes, tensions, conflicts. There is the danger of either a nihilist or an aggressive attitude emerging in such a context. In fact, the greater the flux, the greater is the need to adhere to social values and ethical norms. Socialism as a political creed that induces a person to think of the social good as distinct from individual gain is apt to foster such an adherence.

The mainspring of capitalism is pursuit of profit. Profit provides both the indication for and vindication of economic activities. Profit has its place in economic life, but if it is made the cardinal element in development many difficulties arise. During a generation or two needed to get the economy diversified and differentiated, the polarisation between the rich and the poor would become extreme. Why should the mass of the people accept social discipline in such a situation ? The recognition of equality, economic as well as social, as a keenly desired objective facilitates the emergence and acceptance of the needed social discipline. If inputs are to be diverted from current consumption to investments whose ultimate output must take time, an ethic of austerity is needed. Such an ethic will come easier with objective-oriented socialists than with incentive-obscessed capitalists.

Economic development involves and results in significant social changes. Here again, socialists with their loyalty and source of strength firmly planted in the working people are likely to understand and organise the varied forces in the bowels of society better than those who operate on the crest of social life.

The social discipline needed in development, the strength to adhere to its objectives against the ebbs and flows in the economy, the recognition of the value to the community of building the sinews of growth in the economy—all these and much more depend upon an informed and responsive public opinion. That is the value of democracy in development. If the necessary involvement in development can be brought about, democracy can provide direction and dynamism to it. If democratic forces remain isolated or, worse still, estranged from the purposes and processes of development, one or the other must lose out.

It is time to sum up the discussion.

Democratic socialism in a developed, affluent society cannot be

the same as in a developing society. There, possibilities of social security, of varied amenities, can engage immediate attention. With us the main tasks are of initiating and furthering the developmental process. That involves, as we have indicated, economic, social and cultural transformation. To attempt it democratically requires considerable political effort also. These multiple changes have to be kept within a well-defined focus of development. The clarity of understanding and moral fervour that have to infuse the community's efforts have to emanate from the socialists. Their dedication and intellectual insight will determine the nature of the community's output and understanding. A number of social forces have to be drawn towards development, perticularly those who stand to benefit from it. That means turning the social soil that has remained unchanged for generations. Without considerable upturn of that top soil, the harvest of development cannot be reaped. Socialists are better equipped for these "ploughing operations" than others.

If this great change, often elemental, occasionally cataclysmic, is to be brought about in a decade or so, the socialists have to function unitedly and in an inspired way. Our success in shaping the future we seek depends upon the sense of unity and the spirit of dedication that move us, or can be evoked in us. To think in lesser terms than of granite unity and incandescence of will is to be unworthy of the historic responsibility that beckons and challenges our generation.

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CHINA POLICY MUST CHANGE*

ASOKA MEHTA

I was disappointed with the speech that Prime Minister Nehru made in the Lok Sabha on November 25. I expected from him a different lead and I expected him to show confidence at this juncture. I hoped that he would be addressing himself to those millions of his countrymen who are wholly with him as far as the foreign policy is concerned and not bother himself about the very few, if there be any, in the country who have opposed or challenged in any decisive manner the basic formulation of the policy. Instead, be thought it fit to make the core of his speech the question of non-alignment.

As Acharya Kripalani pointed out in the Sabha, it is the natuaral policy of India. The Prime Minister himself has told us that before very often. This natural and inescapable policy is widely accepted in the country. Today, the super-powers would be embarrassed if we tried to change the policy. What is most important is that when we are ourselves the victim of aggression, would anybody be foolish enough to throw away the possible support of some countries by saying that we join one bloc ?

PERTINENT QUESTION

When we are getting support today from countries belonging

*Excerpts from the P.S P. Chairman's speech in the Lok Sabha.

to both the blocs, when both the blocs are in the process of slow disintegration, would anyone be foolish enough to come forward and suggest that we should, at such a moment of history, at such a moment of crisis, deliberately align ourselves with a particular bloc ? I think it is wrong on the part of the Prime Minister to make in this debate this particular thing the main issue. I would agree with him that only foolish people would be interested in saying that we line up with one bloc or the other.

But the question is : Are we going to allow ourselves to get isolated, or are we going to isolate China ? We have noticed that leaders in Indonesia, Nepal, Burma, etc., are coming forward saying—they have got the courage to say these things today—that the Chinese authorities are behaving in an arrogant manner and that the Government of China is throwing its weight about. Is this not the time to rally these countries together ? Is this not the time to emphatically tell the countries in Sout-East Asia that they have nothing to worry about and we are there to see that the legitimate rights of the peoples, the legitimate interests of the nations, in South-East Asia, whether they be large or small, are going to be protected and looked after ?

It is not the question, and nobody is here suggesting it, that we become satellite of a super-power. I hope, in India, at least on our side of the House, barring a small fringe, no one would ever think of making this country a satellite of any Power, however great it might be. But, the point is this. We would like China to be isolated because China is indulging in arrogance, in aggressive tactics, against all the Asian countries. China cannot behave as a bull in Asia today.

Secondly, we do not understand, but we would like to know, whether the Prime Minister recognises that in one particular direction his policy needs to be revised. He is a student of history. He knows that by nature China is expansionist—he knows that better than anybody else. But, he deliberately thought that by befriending, making overtures of friendliness, perhaps, China could be helped to overcome its instinctive expansionism.

COMMUNIST EXPLOITATION

The Prime Minister, I hope, realises that this instinctive expansionism of China has been further aggravated by the fact

that China is today ruled by the Communists; because, it is the Communist power in that country that has made it possible for them to achieve total mobilisation of the energies of the people, in a desirable or undesirable manner, and build up industrial and military strength, which under other circumstances would not have been possible. It is this combination of certain characteristics of China, which have been ruthlessly and cynically exploited by the Communist rulers there, that creates a serious situation.

The Prime Minister tried to meet it in a particular way in the last ten years. It may have helped us in the last ten years—I do not know; I have no desire to go into the past. But, in the coming years, can we meet it in the same manner or have we to realise that this old policy towards China cannot continue ? Perhaps, the Prime Minister wanted us to concentrate on the smiling portrait of the Peking Dorian Gray and forget the other portrait that was in the closet. Now that the other portrait, the one that was in closet, has come out and stands there on our frontier, menacing and threatening us, even now, would the Prime Minister like the people of India to be guided by, and our understanding of the whole situation to be guided by, the smiling portrait that China would like to create for itself ?

DEFENCE MINISTER's VIEWS

I do not know if the Defence Minister has been properly reported. If he has been properly reported, in a speech that he made in his constituency the other day, he said—this is what the newspaper says :

> "He said that he had taken up many unpopular causes before. He would say that what had happened on the northern frontier was not a mighty invasion of our land frontier. Is there any country in the world whose frontiers had not been violated ?"

I would like to know, is this an occasion when the Prime Minister or the Defence Minister should take an unpopular stand ? Should we not be with the people to build up their morale and tell them that this country is strong enough ? I hope that we are not going to take up an unpopular position on this occasion,

because we have to build the morale of our people and carry our people with us.

He further says there that this is not a great invasion of our frontier. May be it is not a great invasion of our frontier. The fact remains that it is an invasion. What is more important is when he says : "Is there any country in the world whose frontiers had not been violated ?" Is this a routine matter—in a routine way every nation has its frontiers, and do they get violated from time to time ? Are we approaching this whole development in a routine way ?

NATIONAL CRISIS

We think that this is a crisis which we have to face for the next ten years. We will be confronted with this menace, which is going to be increasingly more and more difficult and deliberate, for many years. That is where we want the Prime Minister to give us an answer. Is this attitude, of coueism at its best and cavaliorly at its worst, of saying, 'Let us be nice, let us not call a spade, a spade'—probably considered in the past to be the best way of solving the situation, to continue in future ?

It may be that it is now believed this is a trivial, petty matter. Is this a petty matter when behind it are mounting up forces which want to challenge and menace the independence, the territorial integrity and the chosen way of life of our people ? If this is so—that is what the Opposition feels—we would appeal to the Prime Minister to rally the entire nation behind him. We know he can rally it provided he steps forward to create that national consciousness and solidarity in the country to meet the crisis. That can be created only by acccepting the fact that the situation radically changed.

PEOPLE MUST BE RALLIED

What happens when a country is menaced and threatened ? Not only is there an effort at closing the ranks. There is in the administration a new urgency in the whole effort, in the whole approach. Everyone would be ashamed of doing anything which

which is not proper. To be corrupt, to be inefficient, to be indifferent—all these would become unpatriotic, would become anti-national. We would expect the Prime Minister today to give that kind of ringing, challenging leadership to the country where any weakness, any hesitation, in our country will appear to each one of us as something that is unpatriotic, anti-national, detrimental to the independence of our country.

Instead of that, the Prime Minister and some of his colleagues want to suggest as if we are jingoistic. We are not jingoistic, but we believe that this nation is faced today with a terrible menace, and this menace can be met only by rousing the nation. The Defence Minister seems to think that nationalism is an obsolete emotion. May be. He is a modernist, he is a man of outstanding intelligence and ability, and he probably considers that—at least that is the impression I have got—national feelings are something which should be kept in check. But India is never like that, that is my impression. May be my impression is wrong, but I would be wrong if at this time I do not point out that a certain emotional surge is needed.

The Defence Minister has said that India had made necessary adjustments to ensure that further (Chinese) penetration was adequately checked : we are very happy about it, we hope that further penetration will be decisively checked. But I would like to know if arrangements have been made to check the existing penetration. Why are we not prepared to check the penetration that has already taken place ? If it is purely for the purposes of diplomatic discussion just now, we can undestand; but I hope we will be also ready for it, if necessary, in case China does not accept, the traditional frontiers of India and in case the discussions are not confined to matters of minor rectifications only. Then there can be no alternative except to make every effort to see that the area that is occupied by the Chinese forces is vacated. On that issue we would like to have a clear and unequivocal expression from the Prime Minister.

We do not want to enter their territory. We do not want to counter agression by agression. We do not want to build up any kind of jingoism in this country. We do not want to say any harsh things about the Chinese. But, in India, the necessary strength has to be built up.

APPEAL TO NATION

The Prime Minister has been talking about heavy industries. Yes, we know in China heavy industries have been developing at the rate of over 20 per cent per year. Chinese industrial potential has been increasing at the rate of 100 per cent every five years.

With what kind of approach, with what kind of consolidation of forces, will we able to meet this challenge ? There, we feel that an appeal is necessary to Indian nationalism, an appeal to the urge in the Indian people today to get united, an appeal that Acharya Kripalani tried to make, taking this as a challenge that has to be accepted because our very manhood is being challenged. Are the Indian people so stirred today that they can get mobilised to meet this challenge, not only today but for the coming five or ten years ?—That is the question.

Our positive suggestion, therefore, is this. This is not the time when the Prime Minister should try to berate us. The Prime Minister should come forward as the leader of the Indian people and warn the Chinese in clear and unequivocal terms,—not by withdrawing our forces. The Defence Minister himself said that we cannot create a corridor, but a corridor of 11,000 sq. miles is being created. In his speech he said that the withdrawal of Indian forces would create a corridor. If a corridor cannot be created at the McMahon line, I cannot understand why a corridor of 11,000 sq. miles should be created in Ladakh.

Our amendment only says that we are not going to withdraw in our own territory. Why should we withdraw ? That was what the Defence Minister also said. Why should we asked to withdraw in our own territory ? We agree with him. It is not that we disagree with him always. Very often we agree with him. We agree with him now and ask : why is it we are asked to withdraw, why is it being suggested ?

DANGEROUS VACUUM

What will happen in the corridor which is being created, in that vacuum which is being deliberately created ? Will the Chinese move in or not ? What is the guarantee that they will not ? If they move in, what will we do ? The interim proposals are there, but whether China accepts them we must be sure—I am

not saying that not an inch will be given up, but only that the traditional frontiers of India will be maintained under all circumstances, and any rectification by discussions or negotiations will be confined to minor points. That must be made clear.

To recognise the danger of China today is not to create any kind of a ghost of cold war; it is not an intivation to join up with this bloc or that bloc, but to face the realities, to remove the frustration that has settled on our people, and to revive the flame of confidence, of national hope and national endeavour that burnt so bright from 1920 to 1947. It is to rekindle that flame of national hope and national endeavour that we would like our Prime Minister to step forward, and not to denounce us by calling us a "motley crowed" in Parliamentary Opposition.

We are a motley crowed. We are a motley crowd because this country is like that; as the Prime Minister has said very often, it is a motley country. We have all to be together on this occasion, and the only group about which we have to be careful is that of our Communist friends.

INDONESIAN LESSON

I say so because, we can see what has happened in Indonesia. In Indonesia the Communists have come out and said that the Government of China has the right to protect the Chinese citizens in Indonesia ! They have come forward and issued a statement which has been released from Peking first, in favour of the Chinese Government. May be there are many good Communists here who will probably break with the Communist Party. We must create a crisis of conscience for the Communists. I am not attacking any single Communist colleague of mine. I know that many of them ultimately will be on the side of the patriotic forces. But as far as the Communist Party is concerned, as the leopard cannot change its spots, and as the Chinese, in spite of their sweet words, have remained expansionist, so must we realise that the characteristic of the Communist Party will remain what it has always been.

It is no use feeling that our progressivism gets tarnised, that we are compromising in any way with our progressive approach and attitude if we get critical of the character of the Communist movement, that only by remaining silent on the integral aberrations

of the Communists that we can see ourselves to be progressive. That is not our view. We may be old-fashioned. We believe in being frank on this matter.

The Prime Minister is worried about Shri Masani. He knows very well that I believe Shri Masani's economic policies are wholly wrong, and I believe that if the Prime Minister steps forth and moves forward, Shri Masani and men like him will either be dragged forward or will be consigned to the dustbin of history. Shri Masani is not going to be the menace of tomorrow if resurgent nationalism is going to move forward in the direction of economic development and social change. It is these friends here—the Communists—who are likely to be the real danger. The danger from Shri Masani's side will come if the Prime Minister of India remains at the helm of forces of stagnation rather than forces that urge to move on.

This is the historic opportunity that has been given to us, an opportunity when the Prime Minister of India can rise to the occasion, which we expect him to do, an opportunity where every part, every section of this country and every group in this Parliament and outside can offer its allegiance to him in the common task of national defence, national reconstruction and national renaissance.

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THIS IS AUSTRALIA

ASOKA MEHTA

Australia is nearly three times the size of India, has over half our national income and has less than three per cent of our population—and that sets framework for our understanding of Australia.

Australia is big, burstling, bursting with prosperity; it is very different from New Zealand and full of complexities and contradictions. The Tasman Empire Airlines invites Australians to New Zealand with the legend, "Not distant, but different"—and how true ! New Zealand is a limpid pool, Australia a turgid sea. The sprawling suburbs of Sydney remined one of the U.S.A., only in the centre of the city, the old architecture emphasises links with Victorian England that make all British-built cities, whether Hong Kong, Sydney or Bombay, look so much alike. People from many countries of Europe are now flowing to Australia, threatening to convert it into a melting pot of European peoples as the great United States already is. Since the War, the net immigration has been of over a million, of whom only half have come from Britain. The campaign of "Bring a Briton" is flagging.

ANOTHER GERMANY

An able Minister of the Federal Government in Canberra told me how is children turn away from the beach because they dislike bathing with *British* immigrants. The new Australian has not

much in common with the traditional Briton.

Australia has been having a tremendous spell of economic activity and prosperity, in that it is the West Germany of the southern hemisphere. The prosperity has not altered the robust social eagalitarianism of the country, though economic equality is no longer as striking as in New Zealand.

A top Australian diplomat, who returned to Canberra, after nearly twelve years' service abroad, told me of his experience on the golf course. He fell in step with another player and asked him if he was in the Administration—as most people in Canberra are. The compatriot grunted negatively. He asked him again if he was in private enterprise. "In a sense", was the unusually cryptic reply and then he burst out, "I am a b . . . y brick-layer." It is not only that brick-layer play golf, but taxi drivers tell you of their plans to take their wives to Europe—a mere 10,000 miles away—next year.

One should never make the mistake of getting on the rear seat in the taxi, because then the driver will turn round and ask, "Well, myte, don't you like my fyce ?" The correct form is to sit in the front, by his side. Our High Commissioner told me how at least on three occasions he happened to travel with Prime Minister Menzies and saw him step out of the plane, his bag in hand, and no fuss about him, walking out of the airport as other passengers.

In a summer camp on Trade Unions I attended—together with Lord Citrine from the United Kingdom, and Mr. MacDonald of the United Steel Workers from the U.S.A.—I was told that in the post-War years while in Europe and the States just 10 per cent of the increased income, through improved productivity, has been taken by workers in the shape of leisure, in Australia, the share of leisure was 30 per cent. The Australians are out-door people *par excellence*—even on week-days at 3 p.m. men and women flock to the beach.

RACE CRAZY

In every kind of sport Australians excel. But the kind of sports remains racing. I was told that Australians spend, on an average, £ A. 68 on racing. The Melbourne Cup Day is of course a national holiday and while the race is on, trams are abandoned on the tracks, policemen give up the beats and everyone crowds

round the T.V. or the radio—for the duration of the race life is at a standstill as on the Armistice Rememberance Day in the U.K.

In the garden city of Melbourne, the cultural capital of Australia, where the University keeps growing, and every extension is a fresh architectural foliation, I wrestled with the oft-raised question, "What about the culture of the people !" A visit to the Museum convinces one of their bursting vitality. It was only after Mr. C.B. Christesen had given me his "little mag", *meanjin,* that I discovered that in 1957, Australian spent £ A. 1,300,000 on Australian books, £ A. 9,500,000 on British books and £ A. 2,000,000 on books of America and other sources. In Australia there has been no Massey Report (as in Canada), no urge to have one, and no $ 100,000,000 State-sponsored Foundation to help literature and arts that is today the pride of Canada.

On a Sunday morning, I found in a 60-page newspaper, 48 pages of advertisement, scanty news and indifferent features. No Australian newspaper maintains a correspondent in any Asian capital, and the editor has generally little control on the news columns or its display. The press is just big business.

FOREIGN CAPITAL

The Australian economy has been booming. Over £ 100 million of foreign capital flows in annually—mostly from the U.K., U.S.A. and Canada. The Australian market keeps expanding. General Motors that closed down their assembly plant in India, have gone ahead with manufacture of cars—the famous Holden—in Australia. Today Australia absorbs 200,000 cars a year as against 20,000 in India. I was told that 700 British firms have their Australian affiliates and subsidiaries.

The Australian Steel industry is "as strong as steel". To a taunting reference to the possession of H.B. shares, Australia's new Attorney-General (generally acclaimed as the future Prime Minister) replied, "We want every worker's child to own some H.B. shares." No one would dare to suggest nationalisation of the steel industry : People's capitalism is gaining almost as great a hold on Australian imagination as in the U.S.A.

And still the word Communist gets thrown back and forth. The Australian Council of Trade Unions is supposed to be Communist-infested. The Australian Labour Party is of course

a nest of Communism in the eyes of its opponents—and a highly intelligent Labour Member of the Federal Parliament told me that the Liberal (ruling) Party supporters finance the Communists to keep the bugbear alive !

POLITICAL ARENA

Australian politics are complicated : State politics are as vital as, perhaps more than, Federal, States have had different history : New South Wales began as a criminal settlement, Victoria as a free settlement. Victoria had a vested interest in tariffs, the N.S.W. is free trade. The States are uneven in size and importance : Tasmania has less the N.S.W. The Labour Governments in the States have not hesitated in the past to defy Labour Government at the Centre. There have been occasions when the Country Party has been associated in Government with the Liberal Party in the Centre and with the Labour Party in one or the other State Government—all at the same time.

The massive fact of Australian politics in the A.L.P., which even after three successive defeats and the split continues to win more votes than any other party. It has set the tone of political life for generations. Its traditions are militant, its strength has often come from Irish immigrants who have provided the Labour Party with powerful "machines"—as they built the Tamany Hall in New York. One has only to read the *Wild Men of Sydney* to recollect the frontier life in Australia with its courage and cruelty, its flaunting corruption and strong comradeship. The A.L.P. is an heir to this mixed past—of heroism and machine politics. Some intellectuals like Dr. James Cairns, M.P. of Melbourne, and Mr. E.G. Whitlam, M.P. of Sydney, are striving to preserve the gold from the dross.

TWO LEADERS

The great duel of Australian politics is being fought out by Prime Minister Menzies and Dr. Evatt, Leader of the A.L.P. Mr. Menzies is a brilliant speaker, an excellent raconteur and skilled politician. His polished performance, however, leaves one with doubt whether he means all that he says and says so well. The burst of prosperity and industrial peace his decade of power

have provided to Australia are his main assets.

Dr. Evatt is an indifferent speaker, yet oozes sincerity, but is capable of many second thoughts. A perspicacious British observer, John Douglas Pringle, in his book *Australian Accent* sums up the position : "At the present time the Liberal Party owes much of its strength to the commanding personality of Mr. Menzies, and the Labour Party some of its weaknesses to the extraordinary personality of Dr. Evatt, its leader since 1958."

I did not have the honour of meeting Mr. Menzies as he was away in Tasmania on a fishing trip, but I had the privilege of spending nearly two hours with Dr. and Mrs. Evatt. Dr. Evatt would have liked to direct Australia along the lines that Pandit Nehru takes in foreign policy. But then New Guinea must remain with Australians ! He looks back wistfully to the leadership of small powers he achieved in the United Nations in the eaıly years, but often he looks "lost" when he talks about the present and the future. There are moments when he reminds one of Dr. Meghnath Saha, the politician. (Of Dr. Saha as a physicist, Prof. Oliphant told me that Indians did not fully recognise his tremendous worth).

TRADE UNIONS

Dr. Evatt, as the leader of the A.L.P., has agreed to the organisation of an industrial group to fight the Communists in the trade union movement. It was a remarkable young Catholic, Mr. B.A. Santamaria, who was the driving force behind the group. In the unions, where the general apathy of members had enabled some determined (and devoted) Communists to take over control, Mr. Santamaria's equally determined group had little difficulty in routing them. But as the A.L.P. had no socialist drive in it, Mr. Santamaria's strength came from the force of Catholic Action, to which he was fanatically dedicated.

As there is collective affiliation of trade unions to the A.L.P. and as the party's finance came almost wholly from the Unions, more and more Catholic names came up as delegates to the A.L.P. To the charge of having become giddy with success, Mr. Santamaria told me that he had tried hard to string others along, but the Catholic militants alone were willing to match Communist zeal with effective zeal. Mr. Santamaria and his

mentor, Dr. Mannix, the Archbishop of Melbourne, perhaps dreamt of transforming the A.L.P. into a Christian Social Party.

A BOMB-BURST

Mr. Santamaria had jotted down his thoughts on paper, a copy of which Cardinal Gracias took with him during his visit to Australia. After lapse of a year or so, the Cardinal got the note published as an article in two issues of the *Examiner*, a Bombay Weekly. That burst a bomb in Australia. The A.L.P. was torn between forces shouting "Communists" and those countering "Catholics".

Cardinal Gilroy throws his weight against this growing estrangement. In Victoria, however, the Labour Government was defeated as a result of mutual hersey-hunting. In Queensland, the Premier was expelled by the party, and nine other ministers went out with him. Differences broadened into a split and the A.L.P. faced a rival party, the Democratic Labour Party enjoying support of half its Catholic members. In the recent General Elections the two Labour parties together polled 52 per cent of the votes cast and yet the Liberal-Country alliance scored their biggest victory.

These developments explain the paradox of Australian politics—a weak Communist Party (membership 6,000; votes polled 150,000) and the central position assigned to Communism in political controversies.

The political relations between India and Australia are formal and correct. The Australians have not yet fully discovered Asia—except for its able External Affairs Minister, Mr. Casey or a spokesman like Dr. Evatt. A large number of Asian students have started coming to Australia, and the Universities are developing special courses on Asia—on China at the Federal University, Canberra; on Indonesia at the Melbourne University. Emotional attachment still remains with the U.K. as the Suez crisis showed, while strategic considerations push Australia closer to the U.S.A.

A CHALLENGE

Asia still remains a potential threat but also a friendly

challenge. At least in the case of Malaya, there is a desire to take her under Australian wings. The personalities of the two Prime Ministers also matter. They have been in power over a decade : both have very different world views, and while Pandit Nehru, a born aristocrat, yearns to be of the demos, Mr. Menzies born of the people, has always aspired for aristocratic eminence and aloofness,

Australian politics is confused, Australian consciousness is sloughing its old skin, a new one is in the making. It would be of value to both of Australia and India could develop the ties of understanding that today exist between the more distant Canada and India.

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THE SOCIALIST BURMA

ASOKA MEHTA

I spent a few days in Rangoon recently and was privileged to meet the Prime Minister and his colleagues, U. Nu, and a number of other distinguished Burmese friends. Burma recently held a general election and the AFPFL Government, whose mandate was renewed, is settling down to work.

The Upper House was elected a month after the Lower and in the later elections the ruling party received much more support. When I was with the Deputy Prime Minister, a telegram arrived announcing the uncontested return of the AFPFL candidate in a by-election to the Lower House. These are reliable indications of the firm hold which the Socialist Government has on the allegiance of the people.

FACED UNRIVALLED DIFFICULTIES

The Government of Burma has had to face unrivalled difficulties and it was plagued for a long time by multiple insurgent forces which have taken heavy toll of life and property. The insurgents have been pushed back but they retain certain pockets of strength, particularly in terrain favourable for such activities. The Government has been asking them to lay down their arms and accept an amnesty. Numbers have responded to the appeal, but the hard core continues in revolt because it would like to reach an agreement and emerge with an aura of victory. The

Government's principal responsibility, therefore, is to uproot the insurgents, and only the army can fulfil this task.

While the army is fully occupied with suppressing the insurgents, certain moves on the frontier have come as a rude shock. The Sino-Burmese frontier is long and mountainous. The McMahon Line was extended in the agreement between the then Governments of Burma and China in 1941. The Communist Government of China does not accept an agreement made by "imperialist Governments" and has been striving to rectify the frontier. The Government of Burma has no reason to revise the frontier but is not unwilling to discuss with the Government of China any suggestions it may make. It was with a shock that the people of Burma learnt that Chinese troops had crossed the frontier at two or three places and that more than 1,000 square miles of territory was involved in a forcible "rectification" of the border. The Burmese Government protested against their violation of its territory and asked for a withdrawal of the Chinese troops, meanwhile offering to negotiate. The Prime Minister's letter was not even acknowledged by the Peking Government for almost six months. The foreign troops continue to occupy Burmese territory and Burmese agitation grows apace.

The incursion of foreign troops into Burmese territory makes it necessary for the army to regroup its forces and the inevitable result is that pressure on the insurgents is relaxed. With a threat looming on the frontier, the internal threat of the insurgents gains strength. Burma thus is in a dilemma.

CHINESE INFLUX

In the post-war period economic rehabilitation of the country has not been easy. Even today per capita income is lower than it was before the war. The Government has various schemes of development and welfare and the recent pressure on the frontier will result in increasing the defence budget to the detriment of economic development and welfare. Pressure on the frontier must thus lead to various unwelcome repercussions in the internal life of Burma.

There is a considerable Chinese population in Burma. In recent years number of Chinese have illegally entered the country. Some trek to Burma because they find it difficult to adjust

themselves to the regimented life in China. Others come for a variety of reasons. It is interesting to note that while Indians are contracting their business interests, the Chinese are expanding theirs, often taking over enterprises from Indians. The Chinese are helped by the liberal credit policy in Burma. Before the war Indians and Chinese used to remit considerable sums of money to their respective countries. Indians continue to do it—openly as well as surreptitiously—and I was told that between Rs. 3 and 4 crores are remitted to India every year. There is hardly any remittance movement to China. Profits and earnings are kept in Burma and reinvested. How the families in China are looked after is difficult to know. But it was interesting to find that Communist candidates in the recent elections were flush with funds. Where these funds come from and how large they are is difficult to answer. But the fact remains that they are available.

In the elections, the Communists organized a United National Front, consisting of elements to the Right of the Government as well as of Communists and their fellow travellers. The Front is cracking. The Communists are unwilling to utter a word of protest against incursions from across the frontier and their nationalist partners are restive and might withdraw from the Front ere long.

BURMESE DISAPPOINTMENTS

There has been an abundant measure of goodwill in Burma for the Soviet Union and China. For China particularly there was not just friendliness but fascination. When rice stocks piled up, the Communist countries came to the help of Burma and entered into barter agreements. Unfortunately, the barter agreements have not worked well and Burma has had difficulty in getting consumer goods of her choice. Disappointment with barter agreements has led to realigning of foreign trade, and in Burma there is widespread satisfaction at the recent trade agreement with India whereby about a third of Burmese trade will be with this country.

The young Socialist Government of Burma has not received the assistance it is entitled to expect from Socialist Governments and forces elsewhere. The Socialists in Burma have tried to build the economy on Socialist lines and they have encountered a

number of difficulties. Public corporations, for instance, have not worked with efficiency; co-operatives have not always worked with honesty.

The new Minister of Co-operatives is trying to weed out unhealthy societies from the 5,000 that exist and to consolidate the better among them. Rent and revenue have been drastically reduced; not more than a thirtieth of the produce is claimed in rent and revenue. And even that small tax is not always paid by the peasant. Legislation for land redistribution has been passed but not more than a fifteenth of the land has been distributed. Privately-run schools show better results than Government schools.

While the Government expands the public sector at an accelerating pace, it also fosters the private sector, mostly by Burmanizing it. Nearly 3,000 Burmese individuals and firms have been encouraged to participate in foreign trade but both public and private trading enterprises have weaknesses that cry aloud for remedy. Taxes on income are widely evaded and there are leaks in the administration. The Deputy Prime Minister is so aware of these problems and difficulties that he wants to initiate a discussion on the subject at the Asian Socialist Conference when it meets in Bombay in November. This attitude is in heartening contrast to that of the Communists who never admit mistakes and always discover scapegoats when things go wrong. In Socialist Burma there is constant questioning and that augurs well for its democratic future.

U NU's MISSION

Eight years in power have brought in certain weaknesses in the party. The Socialist Party has a picked membership of about 10,000, and a wider mass base provided by over 100,000 members of the trade unions and over a million members of peasant organizations. After the elections, to tone up the party organizations, U Nu stepped down from the Premiership and took over responsibility for strengthening the party. Corrupt elements are being weeded out. When I was in Burma I read about some important members being expelled. What is more important is U Nu's determination to build a far-flung organization capable of shouldering, in a democratic manner, the tasks of building up

Socialist Burma. U Nu is probably the first outstanding Asian to show by deeds that extra-governmental efforts are more decisive than administrative efforts in building Socialism. His pioneering efforts will be watched with anxious sympathy and interest.

Burma is a small yet gallant country. Against overwhelming odds it has been moving democratically, towards Socialist development and an egalitarian society. The Burmese had hoped to receive the goodwill and support of all countries, particularly of those who claim to have a stake in Socialism. But Burma's experience has not been entirely happy. I hope Socialists the world over will rally round Burma in its determined efforts to travel along the road of democratic Socialism and that Indians who share a common faith will extend co-operation in every way.

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FROM WHIMSICAL TO ORNAMENTAL

ASOKA MEHTA

Ukyaw Nyein, the Socialist leader of Burma, while in power once said, half sotto voce half to us, "If only some one would restate Revisionism." It was a part whimsical thought, a part serious, anxious wish. A Socialist party on the threshold of power, and even more so in the saddle of responsibility, discovers a ballast and understanding in Revisionism. For it is the Socialism of the phase of stabilisation. For under-developed countries striving to develop democratically there is a natural attraction to evolutionary Socialism. Yet, as the British and the Scandinavian Labour Movements, despite their outstanding achievements, do not remove, because of the countries' long period of industrial advance, the hopes and doubts raised by the Soviet Union, so Bernstein, arguing on a different plane from ours, seems unable to quieten the hesitations that the flood of Communist literature constantly provoke.

The fact, however, remains that Socialists in power desire to restrain the impetuousness of the Movement and to divert it to constructive ends. The appeal of Fabianism and Revisionism becomes obvious. Somerset Maugham has said somewhere, "prose is a Rococo art; poetry is Baroque." One might say likewise that revolutionary Socialism, which is elemental, massive, mystical, tragic is Baroque; revisionist Socialism, which as it were prefers accomplishment to power, stability to intransigence, vigour to grandeur, is Rococo. In the free countries of Asia a shift is

desired from the Baroque to the Rococo. Here, too, in the words of King Victor Emmanuel II uttered in parallel circumstances, "now the prose must follow the poetry." Britain and Germany are the homelands of Rococo Socialism.

WESTERN SCENE

In Britain, the tradition of the Magna Carta goes deep. Every upheaval, ephemeral or elemental, ends in a demand for political rights. Popular reactions to the industrial revolution did not transgress the hoary tradition. The Luddite disturbances of 1811-12 and again in 1816-17 were channelled into agitation for political reforms by—Major Cartwright and Cobbett. In 1830, there was a recrudescence of machine breaking and incendiarism. In spite of savage repression, the leaders, such as William Cobbett (1763-1835), succeeded in diverting discontent to agitation for parliamentary reform.

In early thirties, workers were restive once again : a mass rally of 1,50,000 held in Birmingham threatened no-tax. Nottingham bastle was burned, Bristol passed into the control of insurgents for several days, who sacked the prison, the Mansion House and the Bishop's Palace. The Chartist Movement headed the discontent towards political reforms : At Manchester, 300,000 persons assembled to cheer the six-point Charter. In 1839, the Chartist Convention presented a petition to the Parliament having 1,250,000 signatures. The Commons rejected it by 235 to 46 votes.

A NEW UPSURGE

A new upsurge of the workers, such as that of the coal-miners at Newport, gave another impetus to Chartism. A second petition, bearing 3,000,000 signatures, was presented to the Parliament again to be rejected. The uprisings of 1848 on the Continent were reflected in Britain in another Charter signed by 6,000,000 citizens. Ultimately, five of the six points of the Charter were conceded and enacted. A new method of political agitation had been discovered. It is not surprising that all but one British leader of the International resigned when Marx eulogised the Paris Commune. As Prof. Cole puts it in his work, *Fabian Socialism*, "Since the last

echoes of chartism died away in eighteen-fifties, we English have been on the whole a quiet people." Rococo is the "style" appropriate to "quiet people."

The quietness was at once the cause and the effect of the improvements made and advantages gained by the British workers : not only political rights were won but economic amelioration achieved. Not in England alone, but in the Atlantic countries generally, harshness and crudity of capitalism were changing through legislative efforts : the working week which was, in 1840, 69 hours in England, 78 hours in the United States and France, 83 hours in Germany, became 52 hours in England and 60 hours elsewhere, by 1880. Scandalously low wages, such as equivalent of seven to 46.6 lbs. of bread a week, improved steadily : the average annual per capita consumption of wheat went up from 280 lbs. in 1840 to 384 lbs. in 1880. The sacred rights of property that as late as 1845 came in the way of compelling landlords and house-owners to make drains into sewers progressively ceased to be sacred and less of rights Reforms were slowly but significantly altering the contours of capitalism.

STRENGTH OF REFORMISM

Germany's lack of political democracy was somewhat made up by a deep-seated community-consciousness that spurred the country to pioneer in social reforms : in factory laws, in public education, in social insurance. The workers shared the community consciousness, the trade unions developed as "the most aggressive and powerful of reformist forces" and hence the stabilising *slant* of revisionism appealed to them. On the other hand, "where great urban agglomerations were few, and long-run success of Social Democracy was felt to depend on making some inroads into the independent peasantry and the peasant-artisan class. It was here that reformism first appeared in strength."

The second industrial revolution with its technological innovations and tempo of development, the emergence of Finance Kapital with its rationalising finesse harmonised with the basic postulates of revisionism, with the Rocco spirit. Three random illustrations show the process of stream-lining : the Midland Bank was established of a jointstock bank in 1836. During the first 53 years, it opened 17 branches, added another ten by merger,

and the deposits grew from under £ 100,000 to over £ 2,000,000. In the next 30 years, branches increased to 1,444, of which 913 were added by merger. The deposits increased to £ 400,000 in 1930.

In Germany, in 1911, the six leading Berlin banks had 825 of their directors sitting on the boards of industrial companies : of these 20 per cent were chairmen, and 15 per cent were vice-chairmen of the Boards. Reciprocally, 57 representatives of industry set on the Boards of the six banks. The Siemens brothers with their inter-industry and international ramifications symbolise the new integration. Werner Siemens (1816-92) pioneered in electric engineering with his firm "Siemens and Haloke"; Sir William Siemens (1823-83) developed in England the open hearth system and gained a powerful position for Siemens brothers in the steel industry. Friedrick Siemens (1826-1901) invented a smelting oven and won his spurs in glass industry. George Siemens founded the Deutsche Bank, and Karl Siemens extended the firm's influence to Russia. The developing concentration seemed to be weaving the great veil of a socialist Minerva. The unfolding called for co-operation, not conflict *a outrance*.

Logic of the situation was driving the bourgeois State to nationalisation : in Germany, nationalisation of railways had begun as early as 1879, by 1914, almost the railroads were owned by the States. Navigation canals were generally owned and operated by the State in France as well as Germany; Telephones were taken over by the State, in 1889 in France, in Germany from the beginning.

INDIFFERENCE RISKY

Bismarck had shown a classic indifference to imperialism : in 1871, he had rejected the offer of French possessions in Africa and had favoured the annexation of Alsace-Lorraine. Again, in 1890, he acquired the strategic island of Heligoland from the British in return for Uganda and Zanzibar. Likewise Clemenceau had surrendered the Mosul oil lands to Britain for political advantages. It was true that the tide of the time was against the mood : in the imperialist decades, British colonial possessions increased by 4,500,000 square miles (66,000,000 inhabitants), the French by 3,500,000 square miles (26,000,000 people) and the German by

1,000,000 square miles (13,000,000 population). But the deeper currents were believed to be different as the patterns and purposes behind foreign investments, the real dynamism behind imperialism, tended to show.

British overseas investments rose hundred-fold between 1875 and 1914. On the eve of the War, annual foreign investment was almost half of the national savings. The total foreign investments were about £ 4,000,000,0000 or a fourth of the national wealth. Seven per cent of the national income was annually invested abroad and the accumulated investments yielded a tenth of the national income. The investments were almost equally divided between Empire and non-Empire areas. Britain was realising from experience that : (1) non-Empire areas provided equally profitable fields for investment, e.g., the United States : nearly a billion pound sterling of British investments were in the States; (2) portfolio investments were as advantageous as direct, entreprenewnal, e.g. in the U.S. a total changeover on these lines had been usefully carried out; (3) heavy export of capital was starving and weakening the home industries.

French foreign investments amounted to less than £ 2,000,000,000, or one-sixth of the national wealth. French investments were usually debt rather than equity financing. The spirit of *rentier* survived all frontiers ! By 1914, a fourth of the French foreign investments were in Russia, obviously political rather than financial investments, as 1,600,000 Frenchmen ruefully discovered in 1917. From 1878, however, France had pursued a policy of planned home investments also : Charles de Freycinet's (1828-1923) programme of public works—construction of 5,141 kilometers of railways between 1878-82, had initiated a new policy.

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SOCIALISM IN ITALY

Asoka Mehta

The Italian Socialist Party was formed in 1892. Its weakness from the start was that its roots were never thrust in the rich part of the nation. British socialism not only shared the nation's "entailed inheritance" of freedom, but was proud heir to liberalism, developed from Locke to Mill. German socialism drew deeply from cultural soil of the nation, that was why Bernstein could charm the seathing Hegelian, Maelstrom into a placid Kantian lake. Italian socialism never sought to discover its lineage with the glorious past.

The revolutionary impulse in Italian socialism had come from a Russian, Mikhail Bukunin (1814-76) its reformism from a Frenchman, Benoit Malon. The Marxian influence, however, appealed to something deep in the Italian soul : as Benedetto Croce put it, "The will never feels itself as free as when it knows that it is in accordance with the will of God or the necessity of things." Freedom as recognition of necessity stilled the turbid waters.

The intellectual climate that saw the birth of Italian socialism was "Positivist"—where, as in Lombroso, environmental factors counted far more than moral responsibility.

Italian socialism emerged in uncongenial atmosphere : "The poverty of soil made impossible a healthy industry; and *transformismo* (Italian version of "the spoils system") had *fundamentally* weakened parliamentary democracy. Democracy was anaemic, economic conditions far from healthy : Italy was closer to Eastern

Europe than to the West. If social democracy was to triumph, the socialist party should have fostered conditions of well being and prosperity. To create a democratic state and develop towards it a positive approach should have been its policy."

INDIAN SUMMER

Between 1903-11, under Premier Giolitti, Italian democracy experienced its brief Indian Summer. Economic development and social legislation progressed hand in hand. The socialists were justified in rejecting Giolitti's offer of participation in the Government, but towards social legislation and democratic traditions positive, not hostile, attitude was needed.

The Italian socialists were disabled by their divisions and anxious from developing a positive policy. (In 1900, the party adopted simultaneously a minimum programme of reforms, and a maximum programme of revolution. Filippo Turati related them as means to the end. And there was the heart of the confusion : if reforms succeed revolution becomes a disruption : reforms and social struggles can be combined, but not reforms and overthrow of the state. This unstable mixture of programme left the position explosive. Italian socialism lacked courage for revisionism as well as for revolution. Be:ause it was not nourished on sustenance from the nation's past and her great traditions, no Jaures ever emerged.

In fact, the socialist movement showed much of the volatility of the peøple in that period of indecision. The mood was perhaps best symbolised in the poet Gabriel d'Annunzie. His superb self-dramatisation runs like a red thread through the entire tapestry of Italian life. In 1900, he crossed the Chamber of Deputies, and declared from his seat on the extreme left, "I go towards Life !" And life in his lexicon meant turbulence, irresponsibility, *volontarismo.*

During the War and after the poet behaved with reckless irresponsibility : his colourful actions stirred the passions of the people and made responsible decisions impossible. Inside the socialist party, there were many who in their mental make-up were the constituents of the "Deputy for Beauty." His march on Fiums and the mock *regime*, his violent nationalisms and his flirtations with Moscow had only one inner consistency—revolution

of the lawful and the responsible. With her plunge into the War, Italy was filled with self-assertion, noire, violence, irresponsible impulse for domination and action unbridled by thought, debate or procedure.

After the War, a great opportunity came to the socialists to conserve and construct : The party polled two-fifths of the votes, and was the largest bloc—156—in the Chamber; it controlled 28 out of 69 provincial Governments, and 2,162 communal administrations out of nearly 4,000. A strong trade union movement flanked the party. Across the frontier, in war-torn Austria, the Social Democrats were bringing peace and stability to their shattered country through a coalition with the Christian Social Party.

In Italy the situation was ripe for such an alliance. Don Luigi Sturzo's Popular Party was 'a confessional' Christian Social Party with a mass basis : it had a hundred Deputies, and social idealism still ran high in its ranks. Italians should have learnt from Austrian experience—Catholic countries with peasant masses would always throw up Karl Luegers (1844-1910). Better to have them on one's side than be deadlocked with them.

CATHOLICISM

Italian socialism had ever shied away from the stubborn fact of Catholicism in the country. A negative attitude of not hurting the religious susceptibilities of the people, of working-men too, was meaningless. The Church could have been left alone, but with Catholicism an emotional and intellectual understanding was necessary.

On the eve of the birth of the Italian socialist party, Pope Leo XIII had issued the encyclical *Nerium Novarum* (1891). Though it was critical of socialism, it was critical of capitalism too. Its grave man really against statism and concentrationism. Its positive suggestions were in the accents of *distributionism*. Here was a bridge : in a country of many peasants, this could have become a wholesome starting point. Distributivism could have been pressed home in the *Latifondi*.

In the Popular Party, there was enough leaven of primitive Christianity to offer points of contact to an imaginative socialist movement. Don Sturzo's main plank was regionalism. It was

obtuse to have developed a conflict between political decentralisation and economic devolution close to socialist heart. The Soviet, in history, inhered both the qualities. In Italy, with the colourful annals of her city-states regionalism was a vital need. Its satisfaction would have exerted a healing influence. A great Italian, St. Thomas Acquinas (1225-74) in his commentary on Aristotle's Politics had uttered a truth that was shaped by the saga of his own land : "The diversity of cities come from a diversity of ends or different manners of reaching the same end, men create varying forms of common life and in consequence different cities." Within a common framework, such diversity alone gives substance to freedom.

But such a path, though it would have Romanised socialism was unthinkable for men wrapped up in Marxian orthodoxy, as it was for the Roman orthodoxy.

In September 1920, Italian socialism reached its revolutionary water-mark; 35,000 workers of metal industries and 300,000 workers of engineering establishments occupied and took over the country's most highly developed group of industries. The revolution knocked at the door of the socialists. But they were busy weaving People's web; what the reformist wove in the Chamber was undone by the revolutionaries in the street and *vice versa*. Dazzled by the Russian Revolution, all that the Italian socialists did was to demoralise the nation and the workers, undermine their power against adventures, dissipate the strength of the party, and splinter its solidarity. On the shambles of the revolution and on the shattered party Mussolini rode to power.

Twenty years of Fascism of suppression and exile have not fundamentally changed Italian socialism. It once again refuses to be a truly stabilising force or to be frankly, insurrectionist. It splits and Pietro Nenni slakes his thirst from the waters of the Volga and Guiseppe Saragat turns to the Thames, and vainly the Tiber flows to the sea.

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REVISIONISM OF JEAN JAURES

Asoka Mehta

The most able and ardent exponent of revisionism was Jean Jaures (1859-1954). Not in France alone, but in the Socialist movement as a whole he was recognised as the foremost revisionist : the Congress of the Second International had rejected only one heresy, and that was the heresy of "Jauresism."

Jaures was a conspicuous and weighty figure in French Socialism. His independence of mind, lucidity of thought and felicity of expression was universally recognised. Behind his accomplished mastery of the spoken and the written word were great scholarship and deep humanity. In 1881 he passed out of the *Ecole Normale*, second only to Henri Bergson. Twice he had worked as Professor of Philosophy at Toulouse; his many-sided contributions to his journal, *L'Humanite*, showed that in the open spaces of his thought there was room for everything human. It came naturally to him to appreciate affinities rather than differences, to discover the common ground and indicate the common horizon, to work through sympathy and understanding.

He was a lower as well as student of his nation's past : his deepest devotion was reserved for the French Revolution. He saw the revolution not as a sudden eruption but as the culmination of silent maturing. The conception of right that the Revolution had unveiled Socialism adopts and makes its own. It becomes "the party of democracy and the Great Revolution." Though Socialism identifies itself with the French Revolution it is not bound by it.

"Only too often the bourgeois and democratic parties confine themselves to picking up a few fragments of cooled lava from the foot of the volcano, to gather burnt-up cinders from the edge of the furnace. The burning metal must flow into new forms."

CONTINUOUS GROWTH

He believed that the revolution was continuously broadening and deepening : from 80,000 voters in 815 and 200,000 in 1830, France had grown, by the end of the century, to a democratic republic founded on adult suffrage. Socialism was to be final blossoming of this surge of freedom : it could never be dislocation or disruption. His thoughts were ever irradiant with the sense of unity and continuity. "Thus, Socialism arose from the French Revolution under the combined action of two forces, the force of the idea of the right and the force of the new born activity of the proletariat." The abolition of capitalism was not merely inevitable, but just.

The French Socialist movement was sharply divided : at one extreme were the Broussouists, (Paul Brousse 1854-1912), who prided on being practical, "*possibilities* : "We split up our programme until we finally make it possible." It was a French version of the Fabian tactic : "step by step and slice by slice." At the other extreme were the Guesdists who shared their leader's belief that "In multiplying reforms one only multiplies shame, for all rights granted to the workers in the capitalist *regime* will always remain a dead letter." (Jules Guesde, 1845-1922). For Jaures reforms were not palliatives, but preparations : "reforms which pave the way and prepare for a new social order, and by their *organic* force hasten the dissolution of the old."

DETESTED WAR

For him Socialism was not some "spirit moving over the face of the waters," but something incorporated in institutions, such as universal suffrage, democracy, trade unions, and co-operative society. Through their development and strength, and never through any "decisive rupture", would the eagalitarian objectives be reached. "Decomposition" of economic and social life was no revolution but "exactly counter to the revolution." Revolution is growth, steady and sure change : "It is like the silent budding of

the tree in Spring."

Such an evolutionary and organic conception of revolution led him to counter forces of disruption and cherish conserving forces : He detested war. Against war he pressed the Socialists to use the sanction of the general strike, and it was an ardent pacifist, as an uncompromising denouncer of war, that he fell a victim to an assassin's bullet on July 31, 1914—the first and the noblest casualty of the war. "You must know how to be popular" he once said, "but you must know how to spend your popularity."

It was his fear of the war machine that has led Jaures to plunge headlong into *L'Affair Dreyfus*. Dreyfus was a victim of racial prejudice, of the army's corruption and high-handedness. In rushing to Dreyfus's defence Jaures felt that he was guarding the democratic base of the Republic against dire threats. The tragic figure of Dreyfus was trans-figured for Jaures, as for Zola into a symbol of the lost man fighting the Leviathan. "We are not bound to put ourselves outside humanity, for the sake of remaining inside Socialism."

NATION-STATES

In Jaures's internationalism accent was on nation too. Marx's aphorism, "The worker has no fatherland," was to Jaures a lag to be overcome, not a lever to be operated. In the nation he saw the sole "universal association that can guarantee the rights of all individuals without exception, not only those of the living, but of those who are yet unborn." He welcomed the emergence of new nation-states, of Italy and Germany : "For a long time to come the nation as such will furnish the historical setting for Socialism : It will be mould in which the new justice will be cast."

The proletariat as the earlier of Socialism, must infuse with its ideals other sections of society, above all the peasants. Flocon's warning to Engels that the 11 million peasant farmers of France were "passionate property owners" was not lost on Jaures. He believed it was unwise to break, in the name of Socialism, the peculiarly close relationship that the peasant had formed with the land. He wished Socialism to modulate its pace and form in such a manner as to enlist the allegiance of the peasant : "I think it extremely short-sighted to say that if the peasants are neutral that will be enough. No social force can remain neutral when a great

movement is afoot. If they are not with us, they will be against us."

As capitalism menaced all small people, the movement towards Socialism became for Jaures a grand alliance with all Radicals and Republicans. Such a unity was especially necessary where the gains of democracy were in peril. His high road to Socialism was an alliance, at the governmental level, of Socialists and Radical Republicans. That was the heresy of Jauresism.

In 1899, Jaures, as many others felt, the Republic was menaced. To strengthen democratic forces he approved of Millerand joining the Waldeck-Rousseau Cabinet : the first Socialist in a bourgeois Government : This was *l'affair Millerand* that shocked and rocked the Socialist movement in many countries.

How did Jaures justify such a sea-change in Socialism ?

There was no under-estimation of the evils of capitalism : The proletarian's road of life is cut by tollgates set up by capital; the toll was on the life process itself because it spelt "allientation of his individuality." He is mere "hands" with no control on the purpose or the process of his labour. "The personality of the proletarian was lessened as well as his substance." Jaures agreed with the Marxian diagnosis of the disease, but no further. Marxian prognosis was superannuated because "it proceeds either from worn-out historical hypotheses, or from inexact economic hypothesis."

GRATIFYING PROCESS

Marx had argued in the *Manifesto* that by violent revolution against the middle class would be working class grasp power and realise Communism. But the revolution had still to be a *bourgeois* revolution, because the proletariat was too weak to initiate one itself. The proletarian revolution is to be grafted on a victorious bourgeois revolution. Jaures contended that the proletariat's social power cannot grow by such convulsions; He warningly reproduced Miguel's words to Marx (1850). "We can perhaps give an anti-bourgeois direction to the Revolution for a little while, we can destroy the essential conditions of bourgeois production, but we cannot possibly beat down the small trades people and shop-keeping class. My motto is to secure all that

you can get. We ought to prevent the lower and middle-class from forming any organisation for as long a time as possible after the first victory, and especially to oppose ourselves is carried ranks to every constitutional assembly. Partial terrorism, local anarchy, must replace for us what we lack in bulk."

To replace "lack in bulk" in this fashion was to disrupt life and destroy society. Jaures dismissed the idea as "a parasite Revolution."

MANIFESTO EXPOSED

And what does such revolution achieve? Jaures analysed the programme of the *Manifesto,* and showed it to be a strange mixture of "the agrarian communism of the 18th century and some of the elements of what we call today the programme of St. Mande." He was, however, applied more by "the chaos of method" than by "the chaos of programme" in the *Manifesto.* The latter could be unravelled, the former was beyond repair.

Marx literally believed in the increasing misery of the worker; he had no faith in the proletariat's capacity for reforms, social amelioration. In his opinion, all that it could achieve was a sense of injury and a sense of strength. To his dialectical understanding, absolute destitution was the pre-condition of the absolute liberation. And there, asserts Jaures with the whole strength of his being. "Marx was mistaken." The fundamental error lay in "giving precedence to the forces that in a capitalist society tend to lower the status of the workmen over those forces that tend to raise it." The error further lies in looking for "the sudden downfall of capitalism, and the sudden accession of the proletariat to power" due to a political upheaval or an economic collapse. Revolution is not sudden collapse and change. but basic transformation imperceptibly matured. Ultimately, it is enracinement, not deracination.

The deep springs of life that gush forth with marvellous abundance are the real sinews of Socialism. The capital fact to remember was that ' in all constitutions of Central and Western Europe, there are already enough democratic elements for the transition to real democracy to be made with the revolutionary crisis." Experience had proved the democratic state can be penetrable to workers' influenced in France especially, the

proletariat was in possession of the "tools and workshop" of its destiny.

Jaures quotes with full approval long extracts from William Liebknecht (1826-1900), "The S.D.P. is a party of all the people, and, as soon as the occasion arises, by practical proposals and projects of legislation of general interest, to give positive proof that the good of the people is its only aim, and the will of the people its only rule. . . . We have a higher conception of the duty of the state towards the individual than our adversaries have, and we shall not lower it, even if we are dealing with our adversaries, the privileged and the monopolists."

HARMONIOUS EVOLUTION

Details of this "peaceful and harmonious evolution to bring about the transition from legal injustice to legal justice" Jaures supplied from the writings of Liebknecht himself. A fragment of his notes written in the dark days of 1881 and published posthumously was particularly underscored by Jaures. Therein Liebknecht foresaw the possibility of the Socialists being called upon, as result of either military set-back or political liberalisation, *to govern or at least to share in the government.*

Such possibilities were an integral part of the great social adaptation that was proceeding apace. Those who were enemies of Socialism, from interest, not ignorance, were "almost negligible." The immense majority was moving towards social change by the pressure of social forces. It was the task of the Socialist to convert the process into a conscious effort, to convert ignorant antipathy into sympathetic understanding. In rolling prose, Jaures sumed up the position. "In other words, since the pressure of events and the growing organisation of the Socialist Party, the proletariat have finally induced even those classes and those parties which would be naturally most opposed to them to accept the projects of social legislation which will eventually lead to Socialism; since the immense majority of the nation has allowed itself to be started in the direction of Socialism, and one might say, lifted up to the first step of social organisation, we may conclude that in the same way the immense majority of the nation can be lifted, step by step, by means of an ever more active and definite propaganda, by an ever more energetic proletarian influence, and even

more effective mechanism of reforms, to the level of our alternate ideal."

Liebknecht had, therefore, defined the working class in the broadest terms : "Thus besides the wage-earning-class the small farmers and the small shop-keepers. . . . Some maintain that the wage earning proletariat is the only really revolutionary class, that it alone forms the Socialist army, and that we ought to regard with suspicion all adherents belonging to other classes and other conditions of life. Fortunately, these senseless ideas have never taken hold of the General Social Democracy."

LIEBKNECHT'S GOLDEN RULE

In the past, notwithstanding the epic heroism of the workmen of Paris and Lyons, because of this "fatal error" French Socialism had to pay dear. Libknecht's "golden rule" was "to expand, not to contract" : "The circle of Socialism should widen more and more, *until we have converted most of our adversaries to being our friends,* or at least disarmed their opposition." "The noblest thing about Socialism," commented Jaures, "is precisely that it is not the regime of a minority. It cannot, and ought not to be imposed by a minority."

For him a majority was not a mere product of parliamentary arithmetic. It was the recognition of a complex of facts : firstly, "In all classes, in all conditions of life, we find active wills, forces in motion." "Everywhere the individuals have become self-conscious." Secondly, "the cutting up and sub-division of life" that the insurrectionists desired "is exactly counter to the Revolution." "Every great revolution presupposes an exaltation of life, and this exaltation is only possible when there is that consciousness of a vast unity by the ardent intercommunication of strength and enthusiasm." Parliamentary work for well-defined reforms; strikes for specific and widely accepted purposes, but above all, to work constructively to enable the Socialist Revolution to create new conditions and relations of production.

"In 1789, the Revolution had only a negative work to perform in the domain of property. It abolished, it did not create." The scroll of socialism is concerned with creation, construction; only fugitive pages deal with destruction. It was as a Book of Life and a Song of Creation that Jaures embraced socialism.

Jaures did not believe that it is enough to try to arouse the passion for truth and justice in individual consciousness, it is necessary also to forge for the use of the working-class "a tool for governing and law-making."

"Our interpretation of history," wrote Jaures in the *Histoire Socialiste*, "will be materialist as with Marx, and idealist as with Michelet. Economic life is certainly the root and source of human history, but throughout the whole succession of social forms man as a thinking creature aspires to the full life of the ideal, to the ardent communion between his uneasy spirit, hungry for unity, and the mysterious universe. . . There is no human being who entirely ceases to be a man and becomes a member of a class. . . What is more, the classes themselves, as such, are not moved exclusively by class consciousness. Just as at different temperatures the same chemical elements form quite different combinations, so is there a moral temperature, a human temperature, which forms the most diverse historical combinations from the same human elements."

Jaures had decisively moved away from Marxim, his sole debt to which was the fruitful union, achieved by Marx, of the labour movement and the socialist idea. Jaures's socialism had its roots in the historical tradition of France. In the goblet of his thought sparkled the juice of native vines. Socialism he viewed as the ripening of national awakening, related as fruit to the flower. He anathematised not just the violence of war, but violence by itself, because it damages humanity in man. Socialism, the society of free and equal men, *L'Etat Social* as against *L'Etat Patron*, can come only through greater self-awareness and social integration of man. Against the ravages of prejudice he sought to strengthen reason and sympathy. This constructive *ethos*, this concept of socialism as not just the voice of suffering masses but of martyred truth never become an integral part of French socialism. His emphasis on the need for policy to evolve with the degree of development of the proletariat was denounced as weakened the class instinct of the worker. The critics who were lothe to abandon the dream of "The Revolution," were unwilling to commit themselves to a routine of steady improvement in the efficiency and the decency of life. They who had repulsed Proudhon's home-brew had little use for Jaures' elixir. Only in Sorel's intoxicant they faintly recaptured the flavour of Marx.

Failure to rise to the vision of Jaures paradoxically led French socialism first to the embrace of the War and then to the fold of the Moscow International. By a two-thirds majority, in 1920, French socialism became "Communist." *L'Humanite* Jaures' *Humanite*, became the organ of Communism. Jaures remains canonised : his teachings ignored, reviled; his memory, the magic of his name, used for ends he would never bless.

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EDUARD BERNSTEIN AND GERMAN SOCIALISM

ASOKA MEHTA

Eduard Bernstein (1850-1932) is known to history as the father of revisionism. He wanted Socialism to be not scientific but critical, not revolutionary but evolutionary. These far reaching changes he sought to achieve within the frame-work of Marxian thought.

Even in German social democracy, Bernstein was not the first revisionist. George von Vollmar (1850-1922) had anticipated him by almost a decade. His Bavarian background—its anti-Prussian regionalism, agrarianism, Catholicism —made him a natural critic of Marx. But because it was instructive and regional, the criticism licked the intellectual sweep and the philosophical depth of Bernstein.

Bernstein was no solitary sparrow of the revisionist summer. Though currents in the party were already runnning in that direction. As Bebel wrote to Adler, "we have a whole lot of Bernstein, and most in distinguished positions within the party." As an exponent of revisionism, Bernstein was merely *prime inter pares.*

The strength of revisionism came from the fact that events did not conform with the forecast of Marx, and the divergence was widening. As Bernstein put it, "Not doctrinal criticism, but facts compelled me to correct my premises."

DEVELOPMENT OF CAPITALISM

Marx had envisioned the development of capitalism through "accumulation of wealth at one pole, and, misery, agony of toil, slavery, ignorance, brutality, moral degradation, at the opposite pole." Capitalism would face growing crisis leading to a collapse. Experience belied the analysis : wealth had undoubtedly grown, greatly, but was not all concentrated, and misery had visibly lifted. Economic life ran smoothly and the ghost of collapse had laded. Against Max's theory of catastrophe, life had worked out of a practice ot adaptation. The disinherited were recovering their lost privileges through a process of slow red-integration into the society. The pessimistic prognostications of Marx had proved wrong, and with that had to go his apocalyptic emphasis. "Social Democracy", wrote Bernstein, "does not want to dissolve this society and to make proletarians of all its members. Rather, it labours incessantly at lifting the worker from the social position of a proletariat to that of a 'bourgeois' and thus to make 'bourgeoisie'—or citizenship—universal."

REVISIONISM AND REVOLUTION

Revisionism believed neither in a revolutionary crisis nor in a revolutionary solution. It sought to lesson, attenuate, the capitalist contradictions. The antagonism of production and exchange was to be molified by ralionalisation of the economy, the conflict between capital and Labour was to be adjusted by bettering the condition of the workers and strengthening the middle classes. The contradiction between the class state and society was to be eased through increasing state control and the progress of democracy. This was not a new programme, no off-spring of the brow of Minerva, but continuation and consolidation of what, in fact, was happening. The changes were inscribed in the very life and actions of the Labour Movement itself.

Bernstein pointed out the objectives of the Party and the trade unions had led to a basic divergence. The dominant theory of the party was politically pessimistic; that is, it reckoned with a sharpening of class antagonism, and regarded the deterioration of the conditions as the normal, their improvements as the abnormal development. Bernstein argued that this pessimistic view of

political reality was incompatible with trade union movement. The trade unions must justify their existence through the improvements they achieve. To impose on the trade unions a tactic based on the pessimistic and revolutionary view would reduce them "to a political mass movement in trade union dress." Where the party necessarily viewed struggle as the normal condition, the trade union would always "regard a struggle as an exception and peace—or a truce extended to peace—as the rule, since otherwise it would undermine the conditions of its existence and the foundations of its successes." The conflict between these views, Bernstein thought, was unavoidable.

PARLIAMENT AS A SWAMP

The Party was originally anti-Parliament : the Parliament appeared to it as a swamp. Next, the party entered the elections and its spokesmen got into the Reichstag, but "purely for the purpose of agitation." Then they had to get into Parliamentary Committees, to vote for ameliorative measures, and in 1894, the Social Democrats had to approve the Bavarian budget.

In the trade unions, the adaptation was greater : one state institution after another was recognised by them; the state labour exchanges and social insurance system had forged new nexus between the organised worker and the state. The worker no longer looked upon the state official as his enemy, because in the meanwhile the state official had "become quite another person." The trade unions, from the fund of their experience, had propounded the thesis of "*neutrality*." In the words of Car Legien (1861-1920), "Trade unions must seriously engage in social politics, but I am of the opinion that they should not engage in partisan politics."

Bernstein undertook to supply a philosophy and a coherent policy to this instinctive adaptation. Not in his work alone, but in the spread of his influence too, the example of "English Socialism" and the inspiration of Lassalle played a considerable part. His twelve years' sojourn in England had led Bernstein to doubt not only the wisdom but the need of a theory of social cataclysm. "No one has questioned the necessity for the working class to gain control of the government." But in a complex industrial society with organised working class, the road to power

lay not through barricades but ballots.

Here Lassalle, his Caesarian aberrations apart, had been on solid ground. Bernstein found Lassalle's economics antiquated, but his political philosophy had greater relevance to realities than Marx who thought in terms of power alone, while Lassalle intertwined power with law. If lyrical adulation of the state was wrong, so was revolutionary antagonism. Political democracy with its evolution through law, was the only civilised way to social change. Likewise he welcomed Lassalle's insistence on the justness of Socialism. Marx's historism needed the balance of ethical awareness. "To achieve a socialist society, Bernstein and the revisionists relied primarily upon the developing ethical sense of man."

A RAGING CONTROVERSY

Bernstein voiced his criticisms first in a series of articles he wrote for the *Neue Zeit* from 1896 to 1898. At Kautsky's suggestion, he comprehensively developed them in a book form in 1899—and therewith touched of a raging controversy.

The growth of capitalism, Marx held is fueled by ever increasing sums of capital. These accumulations find their way into fewer and fewer hands : the size of corporations grows, the number of owners shrinks. The twin forces of credit and competition develop concentration. Development and concentration undoubtedly occurred, but not of the kind envisaged by Marx. The controlling lever of credit was bringing order in the chaos of capitalist production. Banks had assumed the commanding role in finance and *industry*. As Rudolf Hilferding (1877-1940) was to show in his *Finaz-Kapital* (1910) "to take possession of six great banks would mean today to take possession of the most important sectors of the big industry." Here was process of *enforced* socialisation, a stroke of pen could make the banks "state apparatus" and thus organs of Socialism.

This phenomenon, Bernstein described as "Socialism-in-Capitalism" : socialist institutions begin to permeate capitalism even as it grows to its zenith. The area of communal action steadily increases in size and significance. Cartels and monopolies had brought about an increase in public control and would lead to their eventual metamorphosis into public corporations. It was,

however, necessary to give up the concept of "emancipation through political expropriation," in favour of "emancipation through economic organisation." The former becomes destructive, the latter is concerned with construction. After the Russian Revolution, Bukharin evolved a theory that the first phase of socialist ascendence is always destructive, only later does it turn to construction. It was such distortions that Bernstein had feared and warned against.

While the centralising trends foreseen by Marx had asserted markedly, side by side strongly centrifugal forces had also emerged to counteract and balance. Through the spread of share-holding, industrial property was getting diffused. The middle classes far from disappearing were growing in number, wealth and influence. Large-scale economy was creating not merely a new class, of *salariat*, but providing fresh scope for small undertakings and individual enterprise on its periphery and under its patronage.

The economic developments had been influenced by the growth of trade unions. Capitalism was being modified by the organisation of workers and by the growing social control. Bernstein and Conard Schmidt saw labour legislation as a part of the "social control" that was modifying the crude contours of capitalism.

CLASSICAL CONCEPT

The classical concept of capitalism usually refers to three distinctive areas : forms of production, modes of distribution, and legal relations. Only the first was yet to be fundadmentally modified; the other two had already been altered under the pressure of the labour movement. The employer could no longer dictate terms of employment; conditions of work as also wages had become social matters, subject to legislation. By strengthening the role of the trade unions, by developing co-operatives—woefully ignored by Marx—the proletariat could condition in its favour the substance of industrial economy.

These changes in economic life had brought about and demanded further changes in the political outlook of the proletariat. Marxian class analysis was too *simpliste* in real life relations were complex. Marx himself had said, in Volume III of *Capital*, of "infinite splits of interests and positions which sub-

divided all classes." It would be criminal to exploit these splits, to announce as it were, "We want you to swallow the enemy and right afterwards we shall swallow you." Such tactics can only disrupt society. The complex class configuration should be used to foster solidarity inside the classes and extending collaboration between the classes. Class war is a social weapon only within the folds of class peace.

The Party must strive to win greater support among non-workers, particularly the farmers, shopkeepers and the salariat. Already a fourth of the social democratic vote came from these classes, though the Party was 90 per cent working class in membership.

For industrial society, as also for Socialism, democracy was the best political vessel. "The democratic suffrage makes its possessor virtually a partner in the community, and such virtual partnership must eventually lead to actual partnership." Democracy abridges, even annuls, class rule without abolishing classes all at once. It is the "university of compromise" where classes learn to co-operate. Social democracy is federalist and decentralising : more and more power in the hands of regions and local communities, thereby dispersing the centres of power.

CONDITIONS

The proletariat would gather support and achieve results if it worked for concrete reforms rather than move about a nebulous revolution.

Men work best if they hitch their wagon to stars that are not too distant or moving too fast; if the pull of the ideal is too great the result will be disillusionment and cynicism. Revisionism sought to shift the apocalyptic emphasis to concrete and connected reforms, to bring the star and the wagon close together : "I confess openly I have extraordinarily little interest or taste for what is generally called the final goal of socialism. This aim, whatever it be, is nothing to me, the *movement is everything*. There is for man, as Fichte had shown, the eternal striving, no abiding arrival anywhere."

Adjustment to changed conditions would remain precarious until Marxism was purged of its execrescence—the dialectic. The fundamentals of Marxism, according to Bernstein, were

evolutionism, economic implications of history and class struggle. These valid social truths, "seduced by Hegelian dialectic", ran to extreme : "Every time we see the theory of the economy as the basis of history capitulate before the theory which drives the cult of force to the limit, we will run into a Hegelian sentence. Possibly it will be used only as an analogy, but that makes it even worse."

Bernstein viewed life as governed by "organic evolutionism"—where change and adaptation are interrelated. Dialectic leads to overemphasis on the struggle of opposites and neglect of mutual aid : "I am not of the opinion that the struggle of opposites is the basis of all development. The co-operation of related forces is of great significance as well."

Dialectic breeds an over-valuation of the "creative strength" of violence, and unwarranted stress on cataclysmic acts. Dialectic, in fact, is "unorganic evolutionism." Social evolution is a gradual growth into Socialism, where class antagonisms slacken, where work *within* the state takes the place of strife against state.

Marx's ethical relativism and economic determinism had eroded the "ought" in Socialism : The materialist, with his determinism, is verily a "Calvinist without God." There is the same need of being elected to be saved, the same indifference for those "rejected by the Lord." Capitalism had, in its *laissez-faire*, imbibed the Calvinist core; unless ethics are restored, Socialism would be similarly impregnated. Social advance, in fact, means modification by "ethical factor" of "the iron laws of history." "The legal and political superstructure," not merely interacts with the economic structure, but in widening areas moral elements achieve "creative character."

The ethical emphasis in Kant, as much as his critical approach, were necessary to socialism. Socialism is not inevitable. it is desirable; Socialism is not scientific, it is critical : *Science is tendenzlos*, "unbiased", it cannot serve as a guide to a social movement. "No *ism* is a science," ends are ethically posited. With Lassalle and Jaures Bernstein turned to the sage of Koningsberg as the philosophical fount of Socialism.

Even Kautsky had said, in his book, *"The Road to Power,"* that moral integrity must be Social Democracy's response to increasing corruption. The socialists have to become "an indestructible power in the midst of the destruction of all

authority."

THE REICH

Bernstein was not unaware of the undemocratic aspects of the Reich. In Prussia particularly, franchise based on class privileges, keep the three chambers of legislature a closed preserve of the feudalists and the upper *bourgeoisie.* He knew that in the Reich, as it existed, his revisionism had not free and full scope. That is why he could never agree to his ideals being dubbed "English Socialism," nor could he go with Jaures in his advocacy of a bloc with the Liberals. In the state of truncated democracy, he supported workers' right to mass strike—to preserve hard-won gains, and to further concrete, urgently felt and widely accepted reforms. It must ever be used "as an economic weapon with ethical objectives." His Socialism was evolutionary, not narrowly constitutional. He fervently hoped that the forces of growth and change, vanguarded by social democracy, would get the time to triumph over restrictions and limitations. The wolves of war, however, overtook the yearnings of his hopes.

Bernstein feared war and was averse to it. Stillon August 4, 1914, he, with the entire German Social Democracy, voted for war against Russia. But a war with Britain appeared to him as a war against the future. As the war developed, he felt more and more out of tune with his party till, in 1916, his allegiance to peace and to amity between nations led him out of his beloved party. The highpriest of revisionism found himself with the revolutionary cast-outs of social democracy.

A short war and negotiated peace would have left conditions not uncongenial to revisionism. But the four long years of attrition destroyed much of the basis of "organic evolutionism." The war furthered socialising tendency in economy, but fatally weakened the moral and democratic urges. History, later Lenin was to say, had played a strange trick : it had given birth at the beginning of 1918 to "two separate halves of Socialism, side by side like two chickens in one shell"—the economic in Germany, and the political in Russia. Bernstein recognised that under the stress of war German economy had become state capitalism, but the democratic forces were so weakened that its peaceful conversion to social democracy was well-nigh impossible. The economy sought

a polity in its own image.

EFFECTS OF WAR

War, with its surcharged organisation and drive, feeds authoritarian tendencies and favours anti-democratic forces. With its requisitioning of national energy, war often hatches despotism. The war of 1914 had been unusually destructive : the war cost came to $ 37,770,000,000, or half the national wealth of Germany : war dead numbered 2,140,000. And the war was lost ! The social fabric lay shattered in the shambles of war and the ashes of defeat. The war ripped what Burke called "the decent draperies of life" from the German body politic. The Carthagian peace imposed on Germany let loose a run-away in inflation that blasted all the moorings of the middle-classes. The young republic hovered between Communist *emeutes* and reactionary *putschs.* The stabilising forces were in full retreat. The deracinated whirled about till economic depression sucked them into the Nazi whirlwind. Even in the trough depression and despair, as the voting figures testify, stable forces like socialism, nationalism and Catholicism remained unshaken. It was the rootless, not in economic life alone but in thought and spirit, who drifted behind Hitler. Bernstein died just six weeks before the Nazi locusts settled upon the harvest of his hopes and life-work.

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DEMOCRACY HAS A RAW DEAL

ASOKA MEHTA

In 1897, France was rocked by Paffaire Drefus. The Republic was challenged and menaced. Jaures tallied to the cause of the Drefusards. He wrote of Drefus :

"He is no longer an officer of the bourgeois : he is despoiled by the very excess of his misfortune of all class characteristics, he is nothing but humanity itself in the deepest misery and despair that one can imagine. In defence of Drefus, Jaures joined hands with all forces of Drefusards, socialists and non-socialists." As Master of the 'Bloc' in the Chamber, Jaures became the first real head of the first French democracy. Two great reforms were undertaken : the disestablishment of the Church, carrying with it the secularization of education and the reorganisation of the army.

It was during a historic debate on Socialism with Clemenceau in the chambers that Jaures was told about his programme. "What is terribly bourgeois programme ! M. Jaures, after expounding his programme; challenged me to produce my own. I had very great difficulty in restraining the temptation to reply, 'You know my programme very well. You have it in your pocket. You stole it from me'." The programme of all Socialists was essentially evolutionary but the attitudes often remained revolutionary.

DIFFERENT PATH

Jaures differed from the *possibilists*. Criticising Serrante he said, that Serrante was wrong "when he thinks it enough to lay down the principle of dem ocracy in order to resolve, in a sort of automatic fashion, the antagonisms of society . . . The enthronement of political democracy and universal suffrage by no means suppresses the profound antagonism of classes . . . . Serrante errs in positing democracy without noting that it is modified, adultered, thwarted by the antagonism of classes and the economic preponderance of one class. Just as Guesde errs in positing the class war apart from democracy." To Jaures the problem was to "penetrate" this democracy with the ideas of socialism until "the proletarian and socialist State has replaced the oligarchic and bourgeois State." This can be brought about, he said, by "a policy which consists in at once collaborating with all democrats, yet, vigorously distinguishing one's self from them."

Millerand pursued a different path. In 1898 Rene Waldeck-Rousseau, who on earlier occasion had given trade union rights to French workers formed the Government and invited Alexandre Millerand to join it. His appointment at once became the source of renewed conflict inside the French socialist movement and through its international repercussions influenced socialist tactics, internationally, for a generation. If the Drefus affair aroused controversy over co-operation with other parties for specific and immediate aims, the Millerand case caused even more violent debates.

PARIS MEETING

Between 1898 and 1900 constitutional Government in Italy was in danger. General Pelloux's Government sought to enact (Feb. 1899) anti-socialist legislation. However, in contrast to Germany in 1879, the Liberals and Radicals saw the danger and by 1900 their opposition brought a new Liberal Government to power. Filippo Turati raised the issue of co-operation and electoral alliance with Liberals and Radicals which was stoutly resisted by Marxists led by Ferri. The controversy kept on till 1912 when Bissolati and Bonomi broke away to form unsuccessful Reformist Party.

The International Socialist Congress assembled in Paris in September 1900 to discuss the issue of Revisionism.

The Germans and Marxists from countries where there was a strong reformist wing—Guesde in France, Ferri in Italy—wanted an unequivocal veto on any participation in bourgeois Government or co-operation with non-socialist parties. There were however many who wanted an elastic policy : Vendervelde of Belgium, for instance, said, "A coalition is legitimate in the case where liberty is threatened as in Italy; it is legitimate again where it is a question of defending the rights of human personality, as recently in France. It is legitimate finally when it is a question of winning universal suffrage in Belgium." He criticised Millerand, less for what he had done than for the way he did it, without prior consultation with his party.

The Congress adopted a resolution that said that acceptance of office by a socialist in a bourgeois government "could not be deemed the normal commencement of the conquest of political power, but only an expedience called forth by transitory and exceptional conditions."

WAR OF IDEAS

The Congress resumed the debate in 1904. After four days' discussion, a wonderful struggle of minds and ideas, a resolution favourable to revisionism was rejected by 21 votes to 19, and then a resolution effirming the German party's stand was passed by 22 votes to four with 12 abstentions. "It is significant that the people who opposed the Dresden motion, or who abstained, were representatives of those countries where liberal parliamentary institutions were the strongest—England, France, Scandinavia, Belgium, Switzerland—while, with the exception of Italians, those who supported it (including the solitary delegate from Japan) came from countries where political power was unlikely to be offered to them. It was a great victory for Babel and a great personal defeat for Jaures.

Democratic articulation of socialism was smothered by those who had neither the experience nor the opportunity for democratic rule. In it they were abetted by determined Marxists like Guesde and Ferri. Revisionism was not rejected by the weight of facts or the strength of logic but by the serried support of those who

had fostered socialist forces in authoritarian conditions as in Germany and Austro-Hungary.

The Third International has carried forward with characteristic ruthless efficiency the consummation of the Second International.

Prof. Arnold Toynbee in his Study of History has discussed aggressive and recessive forces : revisionism has even been the recessiva (hence irrepressible) from of socialism.

As John Plamenatz in his stimulating study, *German Marxism and Russian Communism*, has put it, "Marxism is a philosophy born in the West before the democratic age." The Marxists therefore have never been happy with democracy. To deny it and where necessary to disrupt it becomes their instinctive approach. In Asian countries where democracy is struggling for strength, it is easy to adopt the traditional Marxian stance, but it is far more necessary to explore revisionist reinstatement where socialism becomes integral to democracy.

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TASKS OF SOCIAL DEMOCRACY IN ASIA*

ASOKA MEHTA

The tasks of Asian Social Democracy become clear when balance advantages with difficulties. It is not easy to strike the balance and even harder to map out the resultant strategy. The early history of Socialism in Europe itself testifies to this fact. Whether in Asia or Europe, or anywhere else, all socialists share certain common ideas and ideals; they are heirs to a common heritage. But these ideas encounter different social milieu in different countries and the varying refractions that result are of utmost significance.

The only country in Asia where Social Democrats are in sole control of the government is Nepal, economically and socially perhaps the least development State in Asia. Such is the paradox of Social Democracy in our ancient continent !

ISRAELI SAGA

The Social Democrats with some allies have been in power in Israel for over a decade. The saga of Socialism in Israel is inspiring, but its emulative impact on Asia is only just beginning. Elsewhere, Socialism has to struggle to emerge in the midst of complex forces of the country, while in Israel the ardours and

*An introductory speech made at the recent meeting of the Council of the Socialist International at Haifa.

labours of the Socialists have brought the country itself into existence. Of them it can be said that they have verily built the country with their hands.

In industrialised Japan, Social Democracy has achieved that position and faces the problems that are familiar to the European Socialists. The tasks of Social Democracy have to be explored in the great arc of Asia that stretches from Israel to Japan, girdling the belly of the Communist world, with the two ends of the arc excepted, because their problems, though complex, are not yet representative of Asia.

The Socialists in Asia have escaped some of the early conflicts of the Socialists in Europe, such as those between *Socialism and Nationalism*, and between *Socialism and Religion*. The Socialists outside Israel, it is true, have not shapped nationalism, as the Austrian Socialists had attempted in the days of the Empire, but having emerged from national liberation struggles, they have achieved healthy relationships with nationalism. The Communists, on the other hand, have oscillated between fanatical nationalism and betrayal of the nation.

LACK OF INSTITUTIONS

The fact that needs to be analysed is as to why the Socialists who emerged to the leadership of national struggles failed to hold their positions, e.g., Jayaprakash Narayan and his colleagues in India, Sjhariar in Indonesia and more recently U Ba Swe and his party in Burma. The reason is not far to seek; unlike in Israel the Socialists here had not developed, during the national struggle, specific Socialist institutions. The liberation movement was not articulated through trade unions, co-operatives and other Socialist organisations at the grass roots. Socialist ideas and influence largely remained like a film of oil on water.

The Asian Socialists have neither been atheistic nor anti-clerical. The relations between religious forces and Socialist forces have been cordial. Whether that cordiality will continue now is questionable. (In the recent elections in Burma, religious sentiment was mobilised against the Socialists).

The new "basic programme" of the Social Democratic Party of Germany declares : "From *a party of the working class* the Social Democratic Party has become a party of *the people*." The

Socialist parties in Asia, having emerged from the national liberation struggles, had no occasion to be class parties; they have all along been "parties of the people." This has had three consequences.

THE ONLY WAY

The Asian Socialists do not face the problem of integration *into* the community that haunted the European Socialists in the past. Often, the Socialists are in danger of being captured by linguistic religious or regional passions. The Communists, through their ruthlessness, have sought to transform traditional into modern society. How are the Socialists to evoke the elan and organisation needed to achieve a similar transformation, but *by humane and democratic methods* ?

In Europe, the Socialist movement was articulated by the working class with the result that with the growth of the working class its organisation base, in trade unions, co-operatives and the party, steadily expanded. Consciousness and organisation developed *pari passu*. In Asia, on the other hand, the main weakness is organisational. The key problem is created by that *desideratum*. (Here is an area of creative co-operation, of imparting the known-how, between the Socialists of the West and Asia).

The problem of integration of community and that of the involvement of the mass of the people in the process of development demand vast cultural efforts. In Europe, Socialism was strengthened much and gained from cultural enlightenment. In Asia the main brunt of cultural efflorescence falls on the socialists.

CAPITAL FORMATION

The tasks of the primitive accumulation of capital have to be carried out by avoiding the "slum process" and the "Siberia process." The task of evolving co-operative response from people in democratic conditions demands a high level of cultural awareness.

Jean Jaures has said somewhere that as metals melt at different temperatures so is there a moral temperature at which

man yield new responses. Such a high moral temperature becomes inevitable for Socialism and development in Asia. The moralising that we are prone to indulge in has thus a functional role to play! It is, if you like to put it another way, an inescapable occupational hazard!

In Asia, Socialism tends to be the ideology of not just a party or a class, but of wide sections of the people. In Europe, the problem of the Socialists is that large-enough sections of the people do not support Socialism; in Asia, the problem is that few claim to be non-Socialists! In Burma, U Nu's party that routed our colleagues, avers allegiance to Democratic Socialism. In Ceylon, even the United National Party during its period in political wilderness, did not hesitate to hoist Social Democratic colours.

This broad-based support for Socialism provided a rare opportunity to the Socialists but outside Nepal the Socialists have allowed themselves to be edged out of their close association with, and often the leadership of, the popular forces. (The strategy for such a situation has not been spelled out in Socialist classics of Europe).

Another major difficulty about the implications of Socialism for an under-developed country : the ideal ends of Socialism are easy to envisage, but during the chequered growth of Socialism in the West, the various *phases of economic growth* and the consequential *social adjustments* were never thought out. The Socialists of Asia, therefore, have to work out the tools and techniques of such a transformation, and therein lies the fatal fascination of Communist experience. (This is another fruitful area of intellectual co-operation between the Socialists of the West and of Afro-Asia).

For the countries of Western Europe, the *peasant* never became a central figure of Socialism. The Socialists of the Eastern European countries were struggling with this challenge, but as their national freedom itself appeared to be precarious, the democratic structure remained shaky, and in the wake of World War II the Communist avalanche overwhelmed the Socialist efforts. In Asia the primacy of the peasant is realised, but its implication for Socialism, for industrialisation and a development that can achieve balance only through a series of instabilities, economic or sectoral, continues to be vague.

A FRESH WIND

A fresh wind is blowing through the Socialist parties of Europe. The German party in its "basic programme" sets out its economic creed in the following words : "As much competition as possible—as much planning as necessary." In Asia, such a happy stance eludes us. The possibilities of competition are limited, the burden of planning heavy. Socialism with its traditional accent on distribution—and that is undoubtedly the pride and glory of Socialism—is not best suited to articulate the needs of productive efforts, especially where democratic competition for votes prevails.

What is the appropriate idiom of Socialism for raising the rate of investment in an expanding economy from 5 per cent that perpetuates stagnation to 15 per cent that assures self-sustaining growth ? How far does the approach get modified when the Socialists are in opposition, especially against those who too claim to be Socialist, albeit of a looser and vaguer sort ?

In a predominantly agricultural society engaged in the early stages of industrialisation, not only is there a conflict between what Prime Minister Nehru has called the medievalists and the modernists, but even inside the ranks of the Socialists between tradition-idealists (like the Social Revolutionaries of old Russia) and the modernists. It is necessary to channel these differences into creative dialogues.

When national freedom or stability of the State is threatened, Asian countries seem to jettison democratic institutions. What should the Social Democrats do in Egypt or Pakistan or Indonesia ? Should they become determined spokesmen of democracy and fight the present regimes, or seek to inculcate social-consciousness in the regime ?

The points listed above ask for clarity of thought and hence in policy of Socialism for a developing country and a consideration of the political compulsions that backward economy exerts. To what extent are the needs of development to outweigh the claims of distributive justice and how far is democracy be restrained to achieve the transformation of a traditional into a modernist society ? Ideological clarification and organisational improvement have to go hand in hand.

The Russian Communists, perhaps because they had to meet

them in their own country, answered these challenges harshly and brutally, yet effectively. Because these problems were outside the stream of experiences of European Socialists they left their younger Asian colleagues to work out their own solutions to the stubborn problems. If Socialism is to have a global character, such insularity on either side must cease.

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ASOKA MEHTA : A JOURNALIST, ECONOMIST AND DIALECTICIAN ROLLED INTO ONE

VERINDER GROVER*

Asoka Mehta served for over 30 years as an economist of the socialist movement, a political theorist, a trade unionist, and a philosopher. His dedication to the cause of freedom and the sacrifices he made are well-known. At an early age, he plunged himself into the freedom movement and was imprisoned for his deep commitment to nationalism. On the second occasion he courted arrest as a socialist, having been one of the founders of the socialist movement in India. His unstinted support for democratic traditions, including freedom of speech and expression, once again earned him a term in prison.

Asoka Mehta, who was an active trade unionist, began his political career as a councillor of the Bombay Municipal Corporation and espoused the cause of workers and of common people in Bombay Though he later became a national leader and addressed many international forums, including the United Nations Organisation, he never lost touch with the people, which was a part of his character.

Asoka Mehta made an indelible mark not only on the trade union movement and the municipal administration of Bombay but was also recognised as a seasoned parliamentarian, a debater and

*Former Reader, Department of Political Science and Managing Editor, *Indian Political Science Review*, University of Delhi, Delhi.

an economic planner. He was asked to guide the Planning Commission in the most difficult circumstances in 1963. It goes to the credit of Asoka Mehta that he laboured hard for several years and restored to planning a place of pride in India. He has been one of the great exponents, probably next only to Nehru, of democratic planning in the country. Ever since he put forward his views with regard to the 'politics of planned economy', he stressed the need for restructurring planning so as to suit the Indian conditions. At a seminar held in Madras on Democratic Socialism, Asoka Mehta argued with conviction that there was no contradiction between democracy and socialism and that democracy was only the path to socialism. In several of his works, he talks about socialism in Asia and the world.

In addition, Asoka Mehta had won distinction as a columnist and writer. As an intellectual he devoted himself to scholarly pursuits even when he was occupied with practical politics. *Communal Triangle*, *We Build for Socialism*, *China—The Pathfinder*, *Who Owns India* and *Indian Shipping* placed him in the first rank of radical economists. His book, *Democratic Socialism*, was one of the earlier expositions of the doctrine of the movement. He was also responsible for running the journal, *Congress Socialist* in the 1930s, and was later editor of the *Janata*, the official organ of the Socialist Party which was established in 1946.

Asoka Mehta, like many other leaders of that period, drew inspiration from Gandhiji. He steadfastly held on to Gandhiji's precepts and practices. Ascetic in life, austere in habits, he was a prolific writer and voracious reader. He was a shining example of simple living and high thinking. In fact, he was a stalwart who combined in himself qualities which one finds in different stalwarts, not in one. He was an erudite scholar, powerful orator, effortless writer and the ablest organiser among the socialists. In the words of President R. Venkataraman, Asoka Mehta was a "politician without artifice, an economist devoid of economism, a socialist and a planner, fully committed to the legitimate rights of individuals. Asoka Mehta was a fascinating personality. It would not be wrong to say that Asoka Mehta was "a journalist, an economist and a dialectician rolled into one."

PART II

APPENDICES

APPENDIX I

SELECT LETTERS TO AND FROM ASOKA MEHTA

THE OPPOSITION BOYCOTTS MUNICIPAL ELECTIONS IN RAJASTHAN

NO FREE AND FAIR ELECTIONS EXPECTED

Resolution :

The spokesman of the Congress (O), BLD, Jan Sangh and the Socialist Party view with grave concern the manner in which elections to 27 municipalities in Rajasthan are sought to be organized.

The Government of Rajasthan announced these elections on 1st instant and nominations are to be filed on and from 9th instant. A number of prominent persons from these towns are under detention. The Government has refused to release them to facilitate their participation in the elections. In spite of the requests made to the Chief Minister and to the Prime Minister the facilities for campaigning available to the ruling party have been denied to the Opposition. Further, there have been a number of cases of intimidation by police of prospective candidates. In brief, conditions of fair and free elections do not exist in the State.

The Opposition considers elections held under such circumstances to be a farce and a fraud on democracy, and resolves to boycott them and appeals to all the voters to register their disapproval by abstaining from participating in the elections in any form.

July 9, 1976

Dear Choudhury Sahib,

Enclosed herewith please find a resume of our discussions proposed by me.

I shall be grateful to you if you will let me know the developments regarding your letter to the Prime Minister.

May I once again request you to attend the Madras meeting scheduled for 25th instant.

Yours sincerely,
Sd/-
(Asoka Mehta)

Choudhury Charan Singh,
Chairman, BLD, NEW DELHI

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
P.B. No. 709
NEW DELHI

BRIEF RESUME OF THE DELIBERATIONS OF REPRESENTATIVES OF FOUR PARTIES HELD IN NEW DELHI ON 8TH JULY, 1976

1. On 8th July a meeting of the spokesmen of the Four Opposition Parties was held. Those present were :

(i) Choudhury Charan Singh	
(ii) Shri Bhanu Pratap Singh	B.L.D.
(iii) Shri Brahma Dutt	
(iv) Shri Asoka Mehta	Congress (O)
(v) Shri Manubhai Patel	
(vi) Shri N.G. Goray	Socialist
(vii) Shri O.P. Tyagi	
(viii) Shri Sat Prakash	Bharatiya Jan Sangh

2. The following resolution on the forthcoming elections to the various Municipalities in Rajasthan was unanimously agreed to :

(Text of resolution on previous page)

3. Shri Goray suggested that the four parties should work closely together. Right down the district level, the workers of these parties be asked to work jointly. Leaders should organise

joint tours at State and National levels. We must give people the clear impression of our desire to come together. We would that way sustain the idea of unity without having to give up the separate labels here and now.

4. Choudhury Charan Singh raised the question of the RSS. He stated his firm belief that no RSS Volunteers can join the new party and member of the new party can join the RSS. It was a question of dual membership which could not be allowed and there should be no scope in the new party for surreptitious work.

4.2. Shri Tyagi said that the new party can lay down whatever conditions it sees fit. Currently the RSS was banned and it stood dissolved.

5. Shri Charan Singh wanted the Working Committees of the four parties to declare themselves in favour of unification. Both Shri Goray and Shri Tyagi said that they were making all efforts at ascertaining the views of their Working Committee members in prison. But it is not easy to reach all of them. They again pressed for co-ordinated joint functioning.

Choudhury Sahib was not in favour of joint functioning. Even the limited experiment of Lok Paksha in U.P. had proved counter-productive. He stands for united, single party all the 24 hours of the day and 30 days of the month. When the three other parties come together the BLD will be happy to join them, till then it must go its own way and build up its own organisation.

Shri Goray and Shri Tyagi made further plea for joint work. To Shri Asoka Mehta's question as to when we have to meet again, Choudhury Sahib's reply was that he was always available for a personal meeting but he saw no point in a joint meeting.

The spokesman favoured abstaining by the Opposition MPs from the next session of Parliament.

New Delhi
July 9, 1976

Dear friends,

It seems that, at least for the time being, the BLD is averse to joint and co-ordinated functioning among our four parties, as its preference is for unification here and now. Our constant endeavour should be to persuade the BLD for joint work. In the meantime we should strive to work closely together. At district level our workers should organise activities jointly. At the State level the

spokesmen of the three parties should make a habit of meeting among themselves and devising common programmes for the State. We are facing a very difficult situation and unless we work unitedly the difficulties can become unsurmountable. Our joint work will also accelerate the process of unification of the democratic forces that we all favour.

The Central Offices of the parties will send out to their units appropriate, detailed directives in this matter, but this joint communication of ours should be treated as a general directive.

Yours sincerely,
Sd/- N.G. Goray
Sd/- Asoka Mehta
Sd/- O.P. Tyagi

Pradesh Congress
Committees of Congress (O)
Bharatiya Jan Sangh and Socialist Party.

CHARAN SINGH

34, Mal Avenue
LUCKNOW
9-7-76

Dear Mehtaji,

Your letter of yesterday.

I will be only too glad to meet with you and other friends in order to discuss questions of common interest as and when they arise.

I am
Yours sincerely,
Sd/- Charan Singh

Shri Asoka Mehta,
President,
All India Congress Committee,
7, Jantar Mantar Road,
New Delhi-1

July 10, 1976

Dear Chaudhury Sahib,

Thank you for your letter of the 9th instant. I am grateful to you for your, as always, helpful response to my earlier letter.

Your sincerely,
Sd/- (Asoka Mehta)

Chaudhury Charan Singh,
34, Mal Avenue,
Lucknow

July 10, 1976

Dear Choudhury Sahib,

I am writing this letter to you with deepest earnestness and I am confident that it will receive consideration at your hands in the same spirit.

2. The country today faces a crisis unequalled in the past. In 1919, when the then Government put on the statute book the Rowlatt Act (limited to a period of three years), Gandhiji roused the whole nation against the "lawless law". "The Rowlatt Act", in the words of Surendranath Banerjee in his autobiography, "*A Nation in Making*" became the parent of the non-co-operation movement". The Act proved a dead letter, and the Nation discovered its soul. The Emergency clamped down on the country on 26th June, 1975 imposes a more "lawless" regime on the country than any implied under the infamous Act of 1919. Can our response be anything less than that of non-co-operation as taught by Bapu ?

3. While fully realising your anguished anxiety for unification of democratic forces, and appreciating the sense of urgency that inspires year may I request you not to underrate our concurrent feelings in the matter. We may not be able to match your stride, but we are engaged in a common pilgrimage. Let us not get separated.

4. But for the unforeseen events of 26th June, 1975, you and I, most likely, would have been working today as colleagues in the same *Party*. I shall always cherish with gratitude the generosity and statesmanship that had moved you in these days. May I appeal to that old spirit in you and urge upon you, with total sincerity, to persuade your Executive to agree to joint functioning

of the four parties as a part of the process of unification. The historic step that you were prepared for in 1975 is even more relevant in 1976. Whatever happens, please let our forces not get divided. You are a big enough patriot to understand our difficulties and our hopes. Let the hopes not get belighted, then the difficulties will be overcome.

Yours sincerely,

Sd/- (Asoka Mehta)

Choudhury Charan Singh,
Chairman, BLD,
NEW DELHI

July 12, 1976

Dear Choudhury Sahib,

Shri Jyoti Basu met me this morning. The Central Committee of the CPM will be meeting in Calcutta this week. It is likely that the party will agree to associate itself with the organisation for restoration of Civil Liberties and Democratic Right sought to be set up at a Conference in Madras Scheduled for 25th instant.

The CPM is likely to ask its MPs to boycott the next session of Parliament.

Further areas of co-operation, as in trade union field, can be explored.

Yours sincerely,
Sd/- (Asoka Mehta)

Choudhury Charan Singh, MLA,
President,
BLD,
NEW DELHI

Copies to (1) Surendra Mohan
(2) Shri O.P. Tyagi.

Resi : 22297
Office : 29118
Vidhan Mandal Dal : 24081

VIDHAN MANDAL BHARATIYA LOK DAL
Uttar Pradesh

Charan Singh
Leader, Opposition Dal

34, Mal Avenue,
Lucknow
Dt. 14-7-1976

Dear Mehtaji,

Please accept my sincere thanks for your letter of July 10. I

am sorry I could not send a reply earlier.

I am in complete agreement with whatever you have said about the political situation in the country. The dreams that we had cherished, while totting in the jails of a foreign regime, have all been shattered. By then, is it the ruling party alone which is responsible ? No certainly not; it is the Opposition too which is responsible, though to a lesser degree.

To take the immediate present : are the reactions of the four national democratic parties equal to the task ? I will not go into details, but they are not; I do not under-rate the feelings of any of my friends in the matter; still, the fact remains that it is conduct of this sort on the part of our ancestors that led to survitude of centuries.

BLD is now fed up; even its motives have been doubted. So, it has decided to go it alone, free from thought of any duty in this regard—except one, viz., if and when the three parties dissolve or decide to dissolve themselves in order to form one organization based, by and large, on the programmes broadly indicated by the Father of the Nation, BLD will make taste to join.

Thanking you, again, for the sentiments which impelled you to write to me in the strain you have.

I am,
Yours sincerely,
Sd/- (Charan Singh)

Shri Asoka Mehta,
President,
All India Congress Committee,
7, Jantar Mantar Road,
P.B. No. 709,
New Delhi-110001

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

President,
Asoka Mehta

July 14, 1976

Dear Choudhury Sahib,

Thank you for your letter of 14th instant. While I understand your point of view, I cannot but feel distressed over it.

I do not know who has doubted the motives of the B.L.D. For my part I have always extended the fullest trust and cordiality towards the party and its leaders. The BLD spokesmen who were in jail with me will testify to that fact. It was my misfortune that you and I were not kept in the same prison during our imprisonment.

I hope circumstances will soon so shape themselves that we shall be working again shoulder to shoulder.

Yours sincerely,
Sd/- (Asoka Mehta)

Choudhury Charan Singh,
Chairman,
BLD,
NEW DELHI

September 28, 1976

To
Members/Invitees, Working Committee
Sirs,

The President has asked me to circulate the following letter sent by him to Chaudhury Charan Singh, President of the B.L.D. and the reply received from him.

September 27, 1976

Dear Choudhury Saheb,

During the course of our extended discussions I was happy to find large areas of agreement between us. We both, recognising the gravity of the political situation in India, are agreed that our principal task is to fight for the restoration of democratic rights and civil liberties of the people. As an essential step in that direction both of us recognise necessity for consolidation of like-minded parties in the opposition.

We found that we share common allegiance to Gandhian values and principles—purity of means, open and democratic functioning, peaceful and legitimate methods. We found that the programmes and policies we cherish should flow out of Gandhian framework whose essential features can be summed up as follows :

(i) Decentralisation of administration and economy ;

(a) Equitable distribution of power between the Centre and the States with urgent attention to devolution of authority to district and lower organs of administration;

(b) Restoration and extension of Civil Liberties, Democratic Rights of democratic functioning with a view to make democracy effectively participatory for the people;

(c) In the development of the economy primacy will be on producer and not just on production, that is "production by the masses and not mass production;" and

(d) Economic development will centre round agriculture, rural areas and employment. Science and technology will be harnessed to these ends.

(ii) Work for the creation of an egalitarian social and economic order in society.

(iii) Safeguarding the just claims of small farmers, agricultural and industrial workers and the weaker sections, including the backward classes of the society.

(iv) Providing full protection of the State against discrimination of any kind towards the religious, linguistic and cultural minorities.

(v) Relentless war against corruption.

(vi) Secularism.

(vii) Adherence to the Constructive programme laid down by Gandhiji.

Having discovered such principal agreement between us we have been endeavouring to explore the means of bringing our parties together. A possible approach, as we see it, is that my party, in view of the new priorities in the country, amends its name to Indian (or National) Democratic Congress and then both our parties become one and a mutually acceptable Working Committee is set up. I told you of my desire to be freed from the burden of Presidentship and discussed the new arrangements that could be made.

The phrase "establishment of Socialist Society" in our party's Constitution we understand as same as "establishment of

Egalitarian Society." We also discussed the confusion that is caused by having flag that is in no way different from the flag of the ruling party. We, therefore, felt that while the three colours should remain as they are, the symbol on the flag may have to be changed.

It should be possible for both of our parties to implement the above proposals as soon as our respective Working Committees endorse them. Simultaneously we can approach other like-minded parties to join us in the process and strengthen the forces of democratic unification.

I shall be grateful to you for a line in confirmation.

Yours sincerely,

Sd/- (Asoka Mehta)

Choudhury Charan Singh,
President, Bharatiya Lok Dal
New Delhi

BHARATIYA LOK DAL

8, Mal Avenue,
Lucknow

Choudhury Charan Singh,
President

My dear Shri Asoka Mehta,

Thank you very much for your kind letter, dated 27-9-76. Subject to acceptance by our National Executive, I am in general agreement with you. I would, however, like that the phrase "establishment of socialist state" in your Constitution be replaced with "establishment of egalitarian society, consistent with individual freedom."

With regards,

Sincerely yours,

Sd/- (Charan Singh)

Shri Asoka Mehta,
President Cong. (O)
New Delhi

Camp Bangalore
Date 21-7-1976

Dear Advani and Dandavate,

Thank you for your letter. It is my misfortune that I had to write to you from the hospital bed. I got in on my way from Cochin to Bangalore.

I share your feeling of urgency in responding to J.P's call for one Party. It is however necessary to carry our major units with us. I am particularly concerned about Tamil Nadu where a wrong step cannot only harm us, but greatly help the other wise.

Some papers sent to Shri Mishraji will show you what we have been doing. Enclosed herewith wide ? copies of my recent letter to Shri Charan Singh and his replies. That is where the matter stands.

Sri Charan Singh has already announced withdrawal of his party from active participation to agitation. I do not know how it is possible, because today to do anything at all can invite government repression, a little point in unification if it means giving up resistance.

Shri Nana Saheb Gore and Shri O.P. Tyagi share the above feelings as the circular jointly signed by us shows. Shri Atalji is ill. He would like that agitation should be suspended. But he told me that was his view early in the year. Currently he would like the matter to be decided by those who are outside.

Our Working Committee resolution was drawn up with in close consultation with J.P. I came away from Bombay with the impression that he and I saw eye to eye. If he is allowed to be in Patna I shall go and see him.

I do not know how soon it will be possible for me to resume my work. Ever since I came out from jail I have been feeling very weak and exhausted. Please rest assure that to the extent my health permits I shall do every thing that you jointly desire. To me all our parties are one and inter-changeable.

Give my love to Shri Sham Babu, Hegde and others.

Yours sincerely,
Sd/-
(Asoka)

II

BANGALORE
Date : ?

My dear Asokaji,

Thanks for your warm letter, Virendraji has sent us a full report of the Working Committee deliberations.

All of us here greatly appreciated your opening remarks to the Working Committee, but felt sad that despite your persuasion, the Committee did not endorse J.P's one-party move.

We are anxious to know as to where do we go from here—that is, in so far as this one party move is concerned. Virendraji informs that you have undertaken to talk to Charan Singhji, and have advised J.P. not to reply to Charan Singhji's letter till then. Here you been able to meet him, and discuss the matter with him ?

You may also have had occasion to discuss the developments with Atalji and Nana Saheb Gore. How do they view the situation ?

We here strongly feel that J.P.'s announcement must not be falsified. Failure to bring it off would impair the credibility not only of J.P. personally, but of the entire movement. The conference scheduled fur July may be put off, say to August 9 or August 15, but there must be no postponement sine die.

To us it appears that linking up formation of one-party with restoration of normalcy amounts to shelving the issue indefinitely. Tactically also, that may not be desirable, because from the Government's angle, this then would become an additional constraint factor on any inclination towards normalcy.

We are totally unaware of J.P's thinking in the mater. You have had occasion to discuss the question with him and so can enlighten us. Virendraji's own assessment has been conveyed to us thus :

> "J.P. was not happy with the stand taken by the Congress (O) Working Committee and Shri Charan Singh, Leader of the B.L.D. When I had met him he told me that he is not in a position to take much strain in view of his failing health. He feels that so far as he has concerned, he has made best possible efforts for a national alternative. Now it is for the leaders of all the parties to take further action in the matter,

Obviously J.P. may not be inclined to do anything further in the matter on his own. If any fresh initiative is to be taken, it can only be by you personally. Even if that means convening yet another meeting of the Congress (O) Executive, we feel that ought to be done. The mattler should not be allowed to dangle loosely : it should be clinched.

Both your letter to us, as well as your remarks to the Working Committee, show how strong is the urge in you to regoin us behind the bars rather than submit to the choking curbs on liberty that now prevail outside. It is our considered view, however, that your presence outside would be of far greater use to the cause, particularly in the context of the follow-up this unification issue calls for. We request you, therefore, not to court arrest—voluntarily.

With warm regards,

Yours sincerely,

L.K. Advani
Madhu Dandavate

III

Central Jail,
Bangalore-9
22-7-1976

My dear Asokaji,

Thanks for your letter. We fully appreciate your view point, and endorse your approach to the one party issue.

At the moment, all of us here have been feeling very much concerned about your health. Please do not oversight yourself. You must have some rest.

Wishing you speedy recovery from your present indisposition, and with warm regards from all Colleagues here.

Yours sincerely,

(L.K. Advani)
(Madhu Dandavate).

IV

ASOKA MEHTA
President, A.I.C.C.

CAMP : BANGALORE
Dt. 23rd July, 1976

Dear Shri Ramachandran,

Unfortunately while returning from Kerala, I got ill in the plane. I have therefore to cancel my engagements on 23rd and 24th instant.

I am being very well looked after here and my recovery is rapid. I would still want to return to Delhi and take some rest there.

News has just come that Manubhai Patel and some MLAs, in Gujarat have been arrested. Perhaps others would be taken soon in Gujarat.

Yesterday Shri Sanjeeva Reddy and Shri Nijalingappa were with me. All three of us are anxious to spent two days in Madras some time in August with you, your colleagues of the Executive Committee, DCC Office Bearers—in brief representative meeting that we have talked about in Madras : that should give us some opportunity to exchange earnestly our ideas on the current situation in the country and achieve a meaningful meeting of minds. Please fix up the dates of the meeting and inform Shri Sanjeeva Ready and Shri Nijalingappa and myself.

On my way from Cochin to Bangalore at Coimbatore Airport our Party-men told me about the wonderful meeting that they were able to organise as Labour Day as a party of the Kamaraj—Birth day Celebrations.

Please convey my congratulations to all your Colleagues on the splended manner in which they have successfully organised the Celebration.

Yours sincerely,

(Asoka Mehta)

Shri P. Ramachandran,
President, T.N.C.C.,
Satyamurthi Bhawan,
54, General Patters Road,
Madras.

V

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

Asoka Mehta
President

September 4, 1976

Dear Colleagues,

Over a year and half passed since we met last, a period replete with serious events and disturbing developments. During that time, for many months, many of us were behind prison bars.

Since my release I have surely missed the possibility of having your advice and the guidance of the AICC. Circumscribed as we are, that possibility continues to elude us. So I must seek your advice individually on matters of import.

In the past 15 months, not only the political scene, but the polity of India itself has changed drastically, a recent expression of that change are the draconian amendments to the Constitution now before Parliament. How do we go about restoring the liberties and democratic freedom of the people ?

Tens of thousands of patriots courted imprisonment. It was an impressive assertion of our will to remain free. Even today, in many States, notably in Gujarat, arrests continue. I particularly salute those who have returned to prison after release.

There is the possibility of a snap election to Parliament. It may be announced suddenly, and little time will be left for preparations. What do we do to ensure that the elections are largely fair and free.

What is the mood, mind, of the people today ? Is there a sense of fear ? What is needed to arouse their interest and mobilise their support behind our crusade for Democracy ?

If elections come, and it is decided to contest them, how do we go about our work ? Will an arrangement between the main opposition parties suffice ? Will that mean a repetition of 1971—an alliance that failed to evoke enthusiasm ? Even in Gujarat, notwithstanding a common programme, the Janata Front did not come upto the earlier expectations in 1975 elections.

The three parties which we were united in the Janata Front

are for the unification of parties. Their considered view is that only a single opposition party can evoke the interest and support of the people and impart meaning to elections, when they come.

In our ranks the opinion is divided : Tamil Nadu, Gujarat and West Bengal are firmly for maintaining our own identity. In a number of other States, the opinion seems to be in favour of unification. Two Ex-Presidents of the Congress, Shri Nijalingappa and Shri Sanjiva Reddy—favour merger, while Shri Sadiq Ali is for strengthening ourselves. How do we evolve an acceptable policy, relevant to the needs of the time ?

I am axious to have our views *based upon an assessment of feelings among our party-men and in the general public.*

Please send me an early reply.

Yours fraternally,

Asoka Mehta

To
Members of the AICC

VI

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

September 7, 1976

Dear Colleague,

I am giving below text of a letter dated 4-9-1976 received by me from Shri Jayaprakash Narayan :

"I feel it will serve no purpose or the cause of a united opposition if there is further delay in implementing the decision of the party leaders meeting held in Bombay on 22-23 May, 1976. A copy of the resolution passed by the meeting is enclosed for ready reference."

"I remember that you had asked for three or four months' time within which to persuade the party leaders and workers, specially in the States where the Congress (O) happened to be in power at some time or other. When you met me last in Delhi, I was sorry to hear that you had fallen ill and therefore had been

unable to move around the country as you had wished. At your suggestion I had separately met in Bombay the Congress (O) leaders of West Bengal, Karnataka, Tamil Nadu and Gujarat in addition to leaders of other States. The impression left on my mind was that Shri Babubhai Patel, Shri P.C. Sen, Shri Virendra Patil and Shri Ramchandran were not opposed to the idea of a new Party being formed in which members of the Congress (O), BLD, Socialist Party and Jana Sangh, and individuals who had been drawn into the Bihar movement and had organised satyagrahas in their own, might join.

"As the whole process of unification had been halted in defence to your wishes, I feel it is incumbent on you to take active and urgent steps now to complete the process that had begun a few months ago. Letters received by me from inside and outside the Jails have uniformally supported my move. Should it now be found necessary to hold another meeting of Party and non-party leaders at which my presence may be considered essential, I might be prepared to go to Delhi or Calcutta, whichever place is convenient to them, on any non-dialysis days (i.e., Sunday, Monday, Wednesday and Friday).

"Shri Krishna Kant and Satyendra Babu are likely to meet me shortly, I shall discuss this with them and request them to do the needful in consultation with you and others."

Yours sincerely,

(Asoka Mehta)

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

September 17, 1976

Dear Colleagues,

There was a meeting between Choudhury Charan Singh, Shri O.P. Tyagi, Shri Surendra Mohan and myself on the 16th and 17th instant. Smt. Mohinder Kaur joined me on the 16th and Shri Banarsidas on the 17th to the meeting.

There was a consensus on certain preconditions that have to be fulfilled to enable us to participate in the General Elections.

A detailed note is being drawn up and it will be circulated soon: Emphasis has been put upon withdrawal of the Emergency, release of all political prisoners, freedom to hold meetings and express opinions freely, removal of restrictions on the press and firm assurance on the non-use of MISA, etc., against political workers. These preconditions have to be fulfilled four months before polling is held. A communication will be sent to the Government after concurrence has been obtained from other parties—particularly the Akali Dal, the CPI (M), and the DMK.

Various proposals for consolidation of the four parties were considered. There was an agreement on exploring the possibilities of the four parties agreeing to a common name, common constitution (to begin with it may be a skeleton one), a broad outline of the programme and compositions of the Working Committee, General Council, etc. The Working Committee of each party can either decide to join this party, or, in the alternative decide to change its name, etc. to the agreed proposals. Further discussions in the matter will be resumed on the 22nd instant.

Yours sincerely,

(Asoka Mehta)

P.S. Needless to add that these exploratory talks are subject to confirmation by our Working Committee.

BHARATIYA LOK DAL

TELE. 29118
Resi. : 22297

BHANU PRATAP SINGH
C/O Charan Singh,
President

29-9-76

My dear Shri Asoka Metha,

Ch. Charan Singh has desired that the wishes of the most of our party workers, whom we have consulted in Lucknow, be conveyed to you. While they would reconcile to the use of the world, 'Congress,' in the name of the emerging party, it would not

be possible for them to agree to retention of the Cong. (O) flag, or a similar one in same these colours. Resemblance, between flags of the ruling party and our own, will create utter confusion at the time of elections. Therefore, the choice of the new flag should be left for decision to the new Working Committee.

Further, that between two names, National Democratic Congress and the Indian Democratic Congress, our party colleagues are strongly in favour of "Indian Democratic Congress." You should, therefore, try to get the approval of your working Committee for the later name.

With regards,

Sincerely yours,
Sd/-
(Bhanu Pratap Singh)

Shri Asoka Mehta,
President Cong. (O)
7, Jantar Mantar Road,
New Delhi

October 4, 1976

Dear Bhanu Pratap Singhji,

I shall brings your letter to the attention of my colleagues when the Working Committee meets.

I am distressed to find that the arrangements agreed to between us is now sought to be changed.

Yours sincerely,
Sd/-
(Asoka Mehta)

Shri Bhanu Pratap Singh,
Bharatiya Lok Dal,
34, Mal Avenue,
LUCKNOW

SOCIALIST PARTY
CENTRAL OFFICE

Telegrams : SAMAJWADI
Telephone : 386785

Chairman :
George Fernandes

Secretaries :

General Secretary :
Surendra Mohan

16-17, Vithalbhai Patel House, Rafi Marg,
New Delhi-110001

Mrs. Pramila Dandavate
Prof. Vinod Prasad Singh
M.P. Veerendra Kumar
Samarendra Kundu
Treasurer :
K. Chandrasekharan, M.P.

September 28, 1976

Dear Asoka,

Please find enclosed in incomplete list of Congress (R) rebels. I would very much like that you take active interest in associating these old colleagues with the unified party.

My Assam friends tell me that the P.D.P. of Assam, a regional party led by Shri G.S. Bhattacharya, MLA and Shri Dulal Barua, MLA is prepared to join the new party.

With regards,

Yours sincerely,
Sd/-
(Surendra Mohan)

Shri Asoka Mehta,
President,
AICC,
New Delhi.
Encl :

U.P. :	1.	Mangaldeo Visharad	Ex-MLA	detained
	2.	Jagannath Shastri	Ex-MLA	detained
	3.	Padmakarlal	Ex-MLA	now released

	4.	Ramdhan, M.P.		detained
	5.	Chandrasekharan, M.P.		detained
Bihar :	1.	Badri Singh	Ex-MLA	detained
	2.	Bipin Behari Singh,	Ex-MLA	(Tiloth, Shahabad, Bihar)
	3.	Mahant Shyam Sunder Das	Ex-MLA	now released.
West Bengal :		Kashi Kant Moitra,	Ex-Minister	detained
Haryana :		Prof. Sher Singh, M.P.		
		Krishan Kant, M.P.		
Maharashtra :		Mohan Dharia, M.P.		detained
Orissa :		Pradyumna Bal, Zani zi rimangala,		Cuttack-2
		Trilochan Kanungo, MLA, Bhubaneshwar.		
		Rabindra Mohan Das, Ex-MLA P.O. Dist. Balasore, Orissa.		
Gujarat :		Narbe Shankar Paneri, Ex-MLA		now detained
		Dr. Amul Desai, Ex-Minister		
Andhra :	1.	G.C. Kondia, Ex-MLA, Nellore		Misa Detenu
	2.	T. Vishwanathan, Ex-M.P. Visakhapatnam		now released
	3.	A. Chakradhar, Ex-M.P.		MISA DETENUE
	4.	P. Janardhan Reddy, MLA		Hyderabad
	5.	Mrs. T. Lakshmi Kantamma, M.P.		now released.
Delhi :		P.N. Singh, Member Metropolitan Council		detained

September 29, 1976

Dear Asoka,

Thanks for sending copy of the minutes of the meeting of 27 September that you have drawn up.

You might recall that I had suggested the inclusion, in the draft prepared by you of : (i) satyagraha or peaceful direct action against injustice; (ii) insistence on the use of people's language (in all spheres of public life); (iii) Swadeshi.

My understanding is that there was agreement on these issues. This should be included in the agreement. I cannot think of a Gandhian framework without satyagraha; and it will not be possible for us to accept your draft without the inclusion of this

point.

It had also been decided that the earlier draft will also be considered along with your draft, and new draft will be based on both. The draft sent by you on 27th takes only one point concerning weaker sections and backward sections.

In this connection, I would specifically suggest that

(i) the objective as defined in that draft—establishment of a classless and casteless egalitarian order based on Gandhian values—be included; and

(ii) the phrasing of the section on backward classes, etc. should be "provision of special opportunities for the backward classes."

Shri O.P. Tyagi had suggested that shere should be three Vice-Presidents and three Secretaries. That was, I believe, acceptable to all of us. This should be specifically mentioned.

I have to reiterate here what I had said about the formation of the Executive Committee at the national level. The Socialist Party's position is that principle of equality among the four parties must be observed. I am afraid that otherwise the Party will not be able to accept any representation at all, while fully co-operating with other coalescing parties in every way possible for unification.

It was kind of you to include my note in the minutes, The point is what happens to the suggestions made there. I would like you and other friends to let us know their reactions, in any case before our Convention on October 30-31.

Your sincerely,

Surendra Mohan

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

October 6, 1976

Dear Tyagiji,

This morning Shri Banarsi Das and I were happy to have a fruitful discussion with you and a senior colleague of yours.

The impression that I gathered was that if we can get our Working Committee to issue an invitation to other parties to join it in the process of consolidation, you will persuade your party to respond to the call and joins us. I shall be greateful to you if you will kindly confirm correctness of my understanding.

Yours sincerely,

Sd/- (Asoka Mehta)
President

Shri O.P. Tyagi, M.P.,
General Secretary, Bharatiya Jana Sangh,
New Delhi.

Reply from Shri O.P. Tyagi in Hindi—the English version is as follows :

Dear Shri Asoka Mehtaji,

Thank you for your letter of the 6th instant. You have stated the correct position. I welcome the decision, and I shall do everything necessary in my party to foster that end.

Your sincerely,

Sd/- (O.P. Tyagi)

Shri Asoka Mehta,
President,
All India Congress Committee,
New Delhi.

(N. Balakrishnan)
Permanent Secretary
6-10-76

October 9, 1976

Dear Tyagiji,

The Working Committee of our party that met on 8th and 9th instant received with great satisfaction the exchange of letters between us dated 6th instant. The Committee appreciates the patriotism and devotion to democracy that have prompted you

and your colleagues to make this significant gesture.

The Working Committee has authorised me to extend welcome to you all and negotiate with you the consequential details. Kindly let me know when we can meet for that purpose.

Yours sincerely,
Sd/-
(Asoka Mehta)

Shri O.P. Tyagi,
General Secretary,
Bharatiya Jan Sangh,
New Delhi,

October 9, 1976

Dear Surendra Mohan,

Our Working Committee gave careful consideration to the report given to it of our discussions. It welcomes the prospect of unification of our parties. I shall soon acquaint you with the details.

Yours sincerely,
Sd/-
(Asoka Mehta)

Shri Surendra Mohan,
General Secretary,
Socialist Party,
New Delhi

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

October 11, 1976

Member/Invitees, Working Committee :

The President has asked me to send you copies of the following letters sent by him on the 9th instant.

(N. Balakrishnan)
Permanent Secretary

October 9, 1976

Dear Chaudhury Sahib,

Shri Banarsi Das and Shri Satyendra Babu, I believe, have acquainted you with the discussions in our Working Committee,

It is obvious that what we had agreed to has largely been accepted by my working Committee. Only one point, that of Presidentship—of importance indeed—is there the proposal to await Morarjibhai's presence amongst us. I do hope that you and your National Executive will find it possible to help in consumating the noble end we all have in mind.

Yours sincerely,
Sd/-
(Asoka Mehta)

Choudhury Charan Singh,
President, Bharatiya Lok Dal,
New Delhi

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001.

October 13, 1976

Herewith please find the text of the letter dated 13-10-1976 from Choudhury Charan Singh, President, BLD to Shri Asoka Mehta, President, Indian National Congress :

"This is with reference to your second letter of October 9, 1976. I am sorry I could not write to you earlier.

My National Executive whose deliberations continued till late in the evening of October 11, would like to congratulate you on the tremendous progress made by your Working Committee towards democratic unity. You propose to await the presence of Shri Morarjibhai amongst you before finalizing the matter. On our part we consider the present round of talks with all its commitments which began on September 16, closed just as the previous on which began in Tihar Central Jail on February 8, closed on July 8.

If and when, however, your thoughts turn to the 'noble end we all have in mind', of which you speak in your letter, we will be only too glad to discuss the question again from scratch."

(N. BALAKRISHNAN)
Permanent Secretary

Correspondence Between

ASOKA MEHTA AND THE PRIME MINISTER
12th October, 1976.

Dear Prime Minister,

The Working Committee of my party at its recent meeting in New Delhi, held on 8th and 9th instant, asked for early elections to Lok Sabha. Since the life of the parliament has been extended by one year in the ordinary way elections would be due during the first quarter of 1977. We consider it advisable to give you in good time an idea of the conditions which must exist in the country so as to ensure free and fair elections.

You will agree that because of the proclamation of the Emergency, the arrest and subsequent detention of a large number of political leaders and workers, the existence of censorship and various other restrains, normal political activity has been at a standstill. It has, for instance, not been possible for the Opposition to nurse their constituencies as they would have done in the ordinary way. It is therefore imperative that the Opposition should have available to it a clear period of not less than four months for electioneering purposes.

It will be obvious also that if the opposition are to conduct such a campaign in an effective manner, it will be necessary for Government to take certain steps before this period of 4 months commences. The first of these steps, it seems to us, should be to withdraw the proclamation of the present (internal) Emergency. Simultaneously also all those held in detention under the Maintenance of Internal Security Act for political considerations should be released. In the same way, those charged with the offences under the provisions of the Defence of India Act and the Rules thereunder should also be released. Unless those releases take place, you will agree, the opposition would be severely handicapped and in fact would not be able to conduct an effective election campaign.

For similar reasons, in our view, it is absolutely necessary to suspend the provisions of the Maintenance of Internal Security Act during this period insofar as the political and social, workers are concerned, a solemn assurance being given that no action would be taken against workers in respect of activities and

utterances during the period of election campaign.

It is obvious also that it will be necessary to remove all restrictions on freedom of speech and freedom of the press. Impliedly similar restraints will have to be removed in respect of printing presses and other organisations connected with the efficient and free functioning of the Press. All restraints likewise on the holding of rallies, demonstrations and public meetings for electioneering purposes would have to be removed.

We would also request you to give serious thought to annulling the legislation adopted during the Emergency, placing the Prime Minister and other dignitaries above criticism and above judicial proceedings. We would also urge with all the emphasis and earnestness at our command that the proposal to push through the 44th Constitutional Amendment Bill in the present Parliament should be held over until after the elections. This imperative because these amendments give the executive powers in a manner seriously to upset the delicate balance between the legislature, the executive and the judiciary.

Finally, in order to ensure that the elections are in practice also generally free and fair, we would request that Government should announce the acceptance and implementation of certain essential electoral reforms, proposals regarding which were submitted to the Government a little over two months before the proclamation of the Emergency by various party leaders as also by a Committee appointed by Shri Jaya Prakash Narayan. The more essential of these are :

(a) There should be election councils at the Central and State Levels comprising of the representatives of recognised parties. These councils would attend to complaints and grievances regarding :

- (i) Observing of priorities;
- (ii) Enrolment of voters;
- (iii) Location of polling booths, and undue transfers and posting of officials; and
- (iv) Misuse of Government machinery and other matters relating to the conduct of elections.

In other words, the essential function of these councils, would be to act as watch-dogs of the public and to ensure that the elections are free and fair.

(b) (i) Each polling booth should use one ballot box and if a standbye is necessary another ballot box of a different colour may be provided;

(ii) A mandatory duty should be cast on the presiding officers at each polling booth :

(a) to furnish before the commencement of the poll a statement about the serial numbers of the ballot papers available for polling at the booth under his charge; and

(b) to prepare immediately after the polling a complete account of the use of ballot papers during the polling and to furnish copies of the same to all the contesing candidates or their polling agents and send a copy of it under sealed cover to the Returning Officer.

(c) There should be a return to the original system of counting votes booth-wise as against the procedure adopted in 1971 of mixing up the ballot papers of all booths in a single Assembly constituency and then counting.

(d) Every effort should be made to see that votes are counted as soon as all the polling boxes from different booths are collected at the countıng centre.

Candidates should be accorded adequate facilities to satisfy themselves that the ballot boxes are conveyed without any interference and safely from the polling booths to the counting counters and that the bollot boxes are not interfered with in any manner in transit or while they are held in safe custody prior to the commencement of the counting operation. This may in practice necessitate candidate's representatives being allowed to supplement the guard as and when they request.

A representative each of the candidate will be given a seat

in the truck carrying the ballot boxes from a polling centre to the District Headquarters or allowed to accompany the truck in his own vehicle. Also, every candidate will have a right to post his men at the locked gate of the room in which the boxes are placed at the headquarters.

We trust you will find it possible to accept the suggestions made by us. We have put them forward after careful consideration and we have been motivated by only one consideration, namely, to ensure that the elections are free and fair. Unless the assurance is there, no useful purpose will be served by holding the elections.

Yours sincerely,
Sd/-
(Asoka Mehta)

Smt. Indira Gandhi,
Prime Minister of India,
New Delhi.

II

MINISTER
MINISTRY OF HOME
PERSONNEL & PARLIAMENTARY AFFAIRS
INDIA
New Delhi-110001
Nov. 8, 1976

My dear Asokaji,

Please refer to your letter of 12th October, 1976, to the Prime Minister. The reasons which led to the proclamation of emergency on 25th June, 1975 are too well known to require any reiteration. It was opposition's attempt to subvert democracy and to paralyse the working of duly elected governments by unconstitutional means that was primarily responsible for creating the extraordinary situation which necessitated the imposition of certain restraints on normal political activity. As the Prime Minister has declared time and again, we would not like to continue the present emergency for a moment longer then it is necessary. However, it is a matter of regret that the attitude of

ethics of administration and can hardly be guilty of encouraging chaotic activities. If I am permitted to bring in a personal note, may I remind you of my thesis about, "The political compulsions of a backward economy" : but that thesis implied restraints on both the Opposition and the Government. While it is wise to scrutinize the activities of the Opposition in the past or the present, it is equally part of wisdom to scrutinize the functioning of the Government and its behaviour towards the people and the Opposition.

Perhaps there is some objection to the practice of satyagraha, Gandhiji's teaching was that so long as it is peaceful and persons resorting to it accept willingly the punishment given. satyagraha is a form of observance of law meant to uncover law's injustice and thereby hastening its amendment. Satyagraha, so understood is not alien, but integral, to democracy.

As, we all are interested in the restoration of normalcy in the country, it will be best if instead of talking at one another, we talk to one another. On our part we are willing for such a discussion with you without any preconditions on either side.

Yours Sincerely
Sd/-
(Asoka Mehta)

Smt. Indira Gandhi,
Prime Minister of India,
New Delhi.

V

PRIME MINISTER

New Delhi
December 23, 1976

Dear Shri Asoka Mehta,

I have received your letters of the 12th October and 23rd November and have also read accounts of the meeting in Delhi this week of some leaders of Opposition parties. It is difficult to judge whether there was serious heart-searching at the meeting but I do hope that the efforts to understand the conditions in which normality can be restored to our politics will continue.

My Party and Government have always been committed to parliamentary democracy in which I believe as a ideal as well as a practical necessity. I have repeatedly stated that a country of our diversity can hold together and prosper only through a democratic system. Unfortunately, many Opposition groups and parties seem to think that the rules and conventions which sustain democracy could be invoked or ignored to suit their purpose. Legislative privilege and freedom of expression were misused for personal vendetta and character assassination and to undermine national self-confidence. I need not go into all the circumstances which led to the proclamation of Emergency but surely no one would describe the earlier situation as being political normality.

It is important to recognise the changes that have taken place in the last few months. The nation has made considerable headway in the economic field, in meeting the people's aspirations and in initiating action to redress our long-term demographic and other related problems. The Constitution Amendment is by the will of the people and in their service. Once there is a genuine acceptance of the changes that have taken place, a clear disavowal of communal and separatist policies, a repudiation of the politics of violence and extra-constitutional action, and also a constructive approach to social change, then it would not be find solutions to the problems between Opposition and Government.

You have referred to Mahatma Gandhi's teaching in support of your view that Satyagraha is integral to democracy. Doctrinal disputes will not take us far. Mahatmaji's own standards of judgment and self-examination were so exacting that he did not hesitate to call off Satyagrahas when he found them straying from the path of non-violence. Let us not misinterpret Mahatmaji and drag in his name.

State Governments have already released a large number of political detenus and will continue to do so subject only to national security and public order.

For us the strength and growth of our nation and the welfare of our people must be the supreme consideration. If all of us and especially those elected to play a critical role in the destiny of our nation were clearly seen to subscribe to that view point, political differences would become an asset, strengthening our resolve and sharpening our policies. Without that fundamental approach they merely sap our collective energy, undermine our determination

and threaten the integrity of our country.

It is my sincere desire that statesmanship and wisdom will now gain ascendancy and a more mature political awareness will guide us in these important tasks.

Your sincerely,
Sd/-
(Indira Gandhi)

Shri Asoka Mehta
President,
All India Congress Committee (O),
7, Jantar Mantar Road,
New Delhi.

VI

ALL INDIA CONGRESS COMMITTEE
7, JANTAR MANTAR ROAD,
NEW DELHI 110001.

President :
Asoka Mehta.

Dated 28th December, 1976

Dear Indiraji,

I thank you for your letter of 23rd instane. I have taken the liberty of sharing the letter with the leaders of the Bharatiya Lok Dal, Jana Sangh, and the Socialist Party.

A number of points have been made in your letter, as earlier we had raised others from our side. Desirous as we are of restoring normal conditions and thereby revive the rights and liberties of the people, it should be possible to resolve the outstanding points—the best means to that end would be direct discussion between you and the Opposition.

Your sincerely,
Sd/-
(Asoka Mehta)

Smt. Indira Gandhi,
Prime Minister of India,
Prime Minister's Secretariat,
New Delhi.

ALL INDIA CONGRESS COMMITTEE
7, Jantar Mantar Road,
New Delhi-110001

Dated : December 6, 1976

Dear Colleagues,

The following Note was sent to me by Shri Piloo Mody for our consideration. He told me that he has discussed it with some of our Colleagues, e.g. Babubhai Patel. Naturally he is anxious to know your (and our) response.

Yours sincerely,
Sd/-
(Asoka Mehta)

Members/Invitees, Working Committee,

NOTE

— to save India from external danger and internal subterfuge,
— to restore democracy and contain authoritarianism,
— to create hope in our people and give moral fibre to our youth,
— to re-establish the balance between individual freedoms, social harmony and state powers,
— to fight corruption, poverty, backwardness, caste distinctions and economic disparities,
— to create employment, and
— to return to the inspiration of Mahatma Gandhi, it is imperative to create a party of democratic unity.

As the merger of parties has run into various difficulties and interminable delays and as public importance is growing, it is suggested that a new formula be evolved to bring about a United Democratic Party.

The Party will be founded by collecting about 100-150 signatures of political leaders from all sections of the democratic opposition, including members of the B.L.D, Congress (O), Jan Sangh, R.S.P. and Socialist Parties, from the Dharia-Chandrashekhar Group, independent intellectuals and democratic youth leaders.

The programme of the party will approximate the four party agreement on policies and will be ratified by a meeting of the founding fathers.

The name will be the United Democratic Party, subject to the ratification of the founding fathers.

The flag will be of one solid, distinctive colour with the election symbol in the centre, the colour to be decided by the founding fathers.

The Constitution will be as drafted and ratified by the founding fathers.

After all details are agreed the representatives of the party will meet J.P. and Acharya Kripalani and seek their blessings and the United Democratic Party will be launched with the blessings of Jai Prakash Narayan and Acharya Kripalani.

It is left upto the existing parties to resolve their affairs by passing the necessary resolutions in their National Working Committees. There are three options : The parties can resolve to dissolve themselves and merge their members into the new party, and transfer their assets to the new party.

The parties can by resolution change their name, flag, symbol, constitution and programme to that of the new party.

Or the parties can resolve to turn themselves into service organisations, eschewing all political activity and concentrating their efforts on Gandhiji's constructive programme and Seva Dal activities, allowing their political activists to join the new party.

For Example :

The Congress (O) can pass a resolution, in keeping with Gandhiji's last and dying wish and advice to disband the Congress and convert it into a service organisation devoted to the uplift of the poor through constructive programmes of work and Seva Dal activities, giving up all political and electoral work or ambition.

This would make it possible for the members of the Congress (O) to also become members of the UDP, thus holding dual membership. It might also persuade non-Congress members of the U.D.P. to seek membership of the Congress-O for social and cultural work and Service, like promoting cottage industries, co-operatives, Khadi, prohibition and the Swadeshi Attitude.

The Congress-O could even adopt the U.D.P. as its political voice and extend its support to it. The U.D.P. in turn could look upon the Congress-O its constructive work wing.

Once the separation of powers and functions are defined, any number of legal creative and imaginative relationships could be established between the Congress-O and the U.D.P.

LETTER FROM SHRI JAYAPRAKASH NARAYAN TO SHRI ASOKA MEHTA

Dt. 29-12-76

Dear Asoka,

Shri N.G. Goray (who was kind enough to meet me here on his way back to Pune) reported to me all that took place at the recent three-day opposition leaders' parleys in Delhi.

I would like to thank you for your constructive co-operation in the effort to forge a united outlook on the question of having a dialogue with the Government, thus helping the process of unification of the Opposition parties. I am happy to note that this process has further progressed and a broad agreement has been reached by the parties concerned. I hope that it would be possible to announce the formation of a new united party by the next Republic Day.

As for the question of dialogue with the Government, I have already indicated my views in my letter to Shri Goray (copy enclosed). I would, however, like to emphasise that the dialogue to be meaningful should begin only after all political prisoners have been released unconditionally, and civil liberties and press freedoms have been fully restored so as to facilitate normal political work. If this is done, we might agree to suspend the agitation launched in 1975 by the Sangharsh Samiti.

This does not mean that we approve or accept the recent constitutional amendments rushed through the present parliament. We reserve our right to educate and rally public opinion against such of the amendments as violate the basic structure of the Constitution and/or militate against the democratic rights of the people. We must also demand that the Government announce forthwith the date of the next General Elections and take Positive steps, in consultation with the Opposition, to ensure a free and fair poll.

As you know, my stand on these questions is not rigid. What I value most is the restoration of democracy. I firmly reject any compromise with the dictatorship and any attempt to stabilise it

in the name of restoring normalcy in the country. As John F. Kennedy once said, one should not fear to negotiate, but also one should not negotiate out of fear. The Opposition will do well to remember these words of wisdom while negotiating with the present regime.

With affectionate regards,

Yours sincerely,
Sd/-
(Jayaprakash Narayan)

Shri Asoka Mehta,
President, Congress (O),
New Delhi.

TEXT OF LETTER FROM SHRI JAYAPRAKASH NARAYAN TO SHRI ASOKA MEHTA

Dt. : 30-12-76

My dear Asoka,

I have a letter from Smt. Mohinder Kaur dated December 27 along with a copy of the Prime Minister's reply to your letters of October 12 and November 23.

I did not think it proper to speak on the phone. So I am writing this letter which I hope will reach you in time.

Mrs. Gandhi's letter to you is full of lies and distortions. You and your colleagues will be able to spot them and deal with them as you see fit. It may seem petty, but I think the Opposition would be justified in asking Mrs. Gandhi to do some heart searching herself. This need not be put as crudely as she has done in her letter to you. But I hardly need to advise you on draftsmanship of which you are a master.

Mrs. Gandhi expects us to express some kind of repentance for our past deeds. This is impudence unworthy of the Prime Minister of a great nation. However, the Opposition document entitled 'This We Believe' is sufficient response to Mrs. Gandhi's conditions. I suggest, therefore, that in your reply you may stress the fact that the Opposition has always been and will ever remain committed to the ideals, principles and methods laid down in the above document. A post-mortem of the Opposition's past will be a disastrous approach to a meaningful dialogue, and you may point this out to Mrs. Gandhi. Naturally in your reply you will also stress that the Opposition is no less concerned with the progress of the nation and the decencies of democrary. If there

have been lapses, both sides are to blame. So the attitude of mind with which the talks may be approached should be that of 'forgive and forget'. Otherwise, the whole thing will end up in charges and counter-charges.

As for holding talks with the Government, it seems to me that prior release of all political prisoners and withdrawal of press censorship should be essential pre-conditions, as I have indicated in my letter (dated December 29) to you and other colleagues.

I cannot think of anything more to write in reply to Mohinderji's letter. By the way, I might point out that I feel entirely cut-off from the current events and developments and feel handicapped in taking or advising any new initiatives.

With affectionate regards,

Yours sincerely,
Sd/-
(Jayaprakash Narayan)

Shri Asoka Mehta,
New Delhi.

APPENDIX II

INSIDE LOK SABHA (SELECT SPEECHES)

ASOKA MEHTA

THIRD AMENDMENT TO THE CONSTITUTION*

I would like to congratulate the seven members of the Joint Select Committee for the brilliant and lucid minute of dissent that they have given us. I would like to underscore my agreement with the seven weighty arguments that the minute of dissent has placed before us and I would like to put forward a few additional or supplementary arguments. I would like to point out that all Parties other than the Congress Party are today opposed to this amendment.

As far as the Congress Party is concerned it is itself divided. The division of the Congress Party is clear from the fact that a large number of States or Governments, which are in the hands of the Congress Party are opposed to this amendment. As regards the attitude of the States, what do we find ? The biggest province in India, the U.P., has expressed no opinion. Four states are opposed : Assam, Bihar, Bombay and Travancore-Cochin. No replies have been received from Madhya Pradesh, Mysore and Madras. Andhra has it under consideration. Agreement has been expressed by Madhya Bharat, Orissa, P.E.P.S.U., Saurashtra and West Bengal. These States put together do not have a population of even one-fourth of the total population of this country. Some of them are small, some of them; I may be permitted to say, are mostly client states of the Central Government. May I invite the attention of the Hon. Minister who moved this amendment sometime back, that in the course of

*Speech made during the second reading of the Bill.

his observations, he had said :

> 'To sum up the reactions of the States. . . . *Shri A.M. Thomas* (Eranakulam) : May I point out to the Hon. Member that the Travancore-Cochin Government on a previous occasion had accepted the recommendations of the commodity Controls Committee that the Centre may have the powers of control over essential commodities ?
> *Shri Asoka Mehta* : May I also point out that the present Travancore-Cochin Government which is the only Government which is not controlled by the Congress Party has said.
> 'Regretted inability to agree to the proposals. . . .'

An Hon. Member : You have the controlling interest.

(Interruption)

Shri Asoka Mehta : 'Regretted inability to agree to the proposals adding as the State Government would certainly be expected to undertake any legislation to implement the policy of the Centre in the general interest, a transfer of the power to the Centre was not necessary.'

The Minister had said that Mysore had shown agreement, and that the Travancore-Cochin Government had also shown agreement. We find that Mysore has so far expressed no opinion on this amendment. Travancore-Cochin has definitely opposed the amendment.

May I also point out that this Constitution was drafted under serious economic vicissitudes ? The wholesale price index had jumped from 302 to 390. There was a net withdrawal from our foreign exchange to the extent of Rs. 227 crores. While the Constitution was being drafted, the founding fathers had before them the experience of control, decontrol and recontrol. In the light of these experiences, they thought it proper to a frame Constitution as it has been framed, providing only transitional and temporary powers. They are sought to be made permanent today.

It has been argued that unless these powers are taken, it will not be possible for us to look after the organisation of production and growth of raw cotton and the rest of it. I believe that the Government had no such powers so far as raw jute was concerned. May I invite the attention of the Government to the growth of

production of raw jute in this country between 1947-48 and 1952-53 on the one hand, and the increase in the production of raw cotton, on the other during the same years ? What do we find ? In jute which was not controlled from the top in the sense which the Hon. Mover of the Bill wants to control it today, in the increase was to the extent of 300 per cent while cotton production that was controlled from the top, increased only 150 per cent. Let it not be said that without control it is not possible to bring about development and expansion.

It has been argued that in all these commodities that are listed in this amendment, there is the danger either of over-all or lone shortages. If there is overall shortage that is a special situation for which the necessary provisions have been made in the Constitution. If there is a lone shortage in any particular commodity, this very Commodity Controls Committee has pointed out what needs to be done. On pages 58-59 the Committee has pointed out :

> "It would, therefore, be advantageous to transform gradually the present 'food administration into a buffer stock administration' wherever feasible so that in the course of time the latter may become a very useful instrument for stabilising the price level in the country protecting both the consumer and the producer against undue fluctuations in prices."

What is suggested is the creation of a buffer stock administration, and I do not understand why in creating a buffer stock administration, these powers need be taken away from the states.

The authors of the minutes of dissent have invited our attention to the progressive pulverisation of State's power, and I believe they have done a signal service by drawing our attention to it. Control of these matters will not be possible unless and until it is extended also to control over crop planning and cultivation. May I invite the attention of the Hon. Mover to the report of the Uttar Pradesh Cotrols Inquiry Committee. On page 4, as an illustration the case of peas is mentioned. They say :

> "The result is that the area under cultivation of peas has been progressively increasing during the last five years and in 1950-51 it was 21,00,000 acres as compared to 16,00,000

acres five years ago. Pulses are also freely exported to other states. The overall availability of foodgrains is considerably reduced so far as the consumer in the U.P. is concerned. The Export last year of peas exceeded 1,00,000 tons.'

Therefore, Sir, once you begin to control the production of foodgrains, you will inevitably have to control crop planning and there will be thus an expanding encroachment on the rights of the States. There will be a progressive erosion of the State powers. Not only is it a question of progressive erosion of State powers, but a much more vital issue is involved in this. There is the danger, there is the possibility of side-stepping of democratic processes. The Government must learn and teach the art of democratic adjustments.

May I in this connection, invite your attention to a memorable statement by an outstanding authority on democratisation of administration ? I refer to Mr. David Lilienthal.

He says :

"This matter of making a choice available, which is the duty of leadership, seems to be critically important. There are two ways of going about many of these matters. There for example, is a steep slope which has been denuded of trees by the farmer. He has to make a living. He needs this steep slope to grow the things that will keep his family alive, and so he cuts the trees down and plants his corn, and the soil is washed off in a few years, and the nation has been robbed of just that much of its capital assets. . . . Now one way of going about it is to say, we will pass a law that any farmer who cuts down the trees and cultivates a slope steeper than a certain grade is incapable of farming. He is injuring the community and the nation, and by this law we will take his land away from him and turn it back into forest or meadow." That is one way. . . Then there is the other method of giving the farmer a chance to make a choice; recognizing that the farmer does not cut down those trees or because he enjoys cutting down trees or because he likes to see the soil washed off and destroyed but because he has a problem of feeding his family and making a living. Give him a choice--a free choice—by making it possible for him to use his land in such a way that he will not only be enabled

> to support his family but at the same time protect that soil against depredation. This is only one illustration of many of this conviction I have that a man must be given a free choice rather than compelling his choice or having supermen make the choice for him."

We, Sir, find here that supermen want to make the choice not only as far individuals are concerned, but as far as States are concerned. Why can we not bring the representatives of the two together round a table and see that an agreed formula is hammered out, as the Government of Travancoie-Cochin has suggested? You must give them an opportunity. You must try to carry conviction to them. You must try to carry the representatives of the States with you. You may be able, in the plenitude of your power, to brush aside the States. You may occupy a certain territory of power becaue of the special rights that you are going to get once this amendment is accepted, but what will be the result? Unless and until you can satisfy the people of the States concerned that justice is being done to them, will you be able to carry through whatever reforms or whatever administrative changes you want to carry through. Can you afford to bypass the people? After all, if you think that the States are being recalcitrant, please remember that the recalcitrance of the states will always be reflected in the recalcitrance of the people, and you cannot brush aside the recalcitrance of the people. You must learn, you must educate your people to discover ways and means of adjustment. That is the very essence, that is the basic art of democracy.

May I in this connection point out that we may ignore the moral dimension of the grass-roots approach only at our peril? It is an obligation in connection with resources development that the local governmental institutions be strengthened rather than weakened, that they be supplemented rather than supplanted. I would like to emphasize that the resources of a region include its institutions, particularly its governmental agencies. It has been argued that after all the current powers are sought only as contigent powers. That is not the intention of the Hon. Minister. He wants to use these powers. Last time while moving this amendment, he made it very clear that he wants to use these powers. These are not merely contingent powers. They may be

called concurrent powers, but they are going to be used and used in the near future. You may try to bypass, you may try to side-step democratic forces in this respect, but you will not be able to run away from them. There will be differences of opinion between Ministries themselves. As we know, there have been differences of opinion recently. How are you going to resolve them ? Inside a Ministry, inside a department, there might be acute differences of opinion. How are they to be resolved I would not, I do not propose to refer to any incident or any experience in our country, but I may cite as an example the experience from a foreign country. It is pointed out :

> "There arose consequently a conflict between two agricultural groups, and indeed between two groups within the U.S. Department of Agriculture. To be specific, this conflict between the Extension Service, the Agricultural Adjustments Administration and the Farm Bureau on the one side, and the Farm Security Administration and the farmers on the other."

I think this kind of conflicts are inevitable. How are they to be resolved ? By taking over more powers, by pushing aside the people with whom adjustments are to be sought, or by learning to sit with them, by making them realise wherever the larger issues of the country are involved ? They must learn to arrive at agreements and adjustments. That is the approach, the grass-roots approach to democracy. If that approach is given up, the result will be that the arteries of adjustments will harden, and all short-cut adjustments will mean that power will get increasingly concentrated into the hands of the few people at the top.

May I end my observations by quoting the wise words of one of the foremost seers of democracy ? I refer to the famous French writer, De Tocqueville :

> "Although a centralised administration can bring together at a given moment, or a given point, all the disposable resources of a people, it injures the renewal of those resources. It may ensure a victory in the hour of strife, but it gradually relaxes the sinews of strength. It may help admirably the transient greatness of a man, but not the durable prosperity of a nation."

May I therefore appeal to the Mover of the Amendment not to get interested, not to get intoxicated by this thought of the greatness of a man, whoever the man may be, but to think in terms of the durable prosperity of the nation ? By this amendment you are going to weaken the sinews of strength of our nation. I hope and trust that will not be done.

FOURTH AMENDMENT TO THE CONSTITUTION*

I welcome the Bill to amend the Constitution that has been moved by the Prime Minister. While I welcome it, I must make it clear that I am not satisfied with it. The amendment does not go far enough.

This particular article has been discussed in this House on more than one occasion. If I am not wrong, this is the third time that this House has been called upon, to consider this article. Why is it that we have to consider it over and over again ? I believe, it is because the approach has been wrong. We have not looked at the problem in the way in which it needed to be looked. I am afraid, in the amendment that is being suggested by the Prime Minister, we have not overcome the inadequacy of the approach in the past. The Prime Minister has spoken on this article not once, not twice, but four or five times, and I have tried to go through the various speeches that he has made on the subject. I find, over and over again, he has maintained that equity in relation to an individual has to be subordinated to equity in its relation to the community. He has further argued that the directive principles of State Policy represent a dynamic move towards a certain objective while the fundamental rights represent a static standstill. I do not accept that. I do not think that the fundamental rights represent anything static. The fundamental rights, to my mind, are the substance, the core, of all that we desire the State to achieve. After all, the fullness of all that we promise to our countrymen, the richness to which they are to be the heirs is ultimately represented by the fundamental rights.

The question is, what do we mean by fundamental rights ? I have here a book by a distinguished professor of law, Emeritus professor of Columbia University, Robert L. Hale, who has

*Speech delivered on 14th March 1955 during the first reading of the Bill.

discussed this question in *Freedom through Law.* He has argued that fundamental rights have to be conceived as meant to enhance and enlarge the liberties of the people, liberties of the people, however, are not fully realised because of economic inequalities. Economic inequality has a three-fold aspect. It affects the freedom of men as producers, freedom of men as consumers and freedom of educational opportunities. If the inequalities are to be corrected, the corrections have to be made in all the three directions. If fundamental rights, the basic liberties of the people, are meant to enable people to realise happiness, realise fulness and richness of life, to achieve equality, if all these fundamental rights are to be fulfilled and to be adequately realised, then we must see that there will be no political coercion, there must not also be economic coercion of any kind. And, it is in that connection that the distinguished Professor says :—

> "Economic inequalities then—inequalities in freedom as producer and as consumer—are embodied in unequal legal rights. In assigning and enforcing legal rights to the fruits of transactions, the law is doing more than protect the winnings in the game of production and exchange. It is dealing unequal hands to the players. Further State intervention to alter the distribution of rights and liberties, to the advantage of those whose liberty is most restricted as a result, in part, of state action cannot be properly described as 'statism' in any obnoxious sense."

Therefore, the question that we have to ask is, do we want to enlarge to liberties of the people, do we want an egalitarian and liberterian society to be created in our country? If we want to create such a society, then obviously, we must not think in terms of rights of *persons,* which is merely a juridical expression, but of the liberties of *citizens,* which deals with individuals, men and women of our country. And we must decide that we prefer to enlarge the liberties of the people, their liberties as producers, as consumers and their liberties for obtaining equal educational opportunities, and to that end we should not hesitate to curtail property rights. Property right, in the sense in which it has been interpreted by the Supreme Court, is conceived as a basic fundamental right. Do we concede that, do we accept that property right is a fundamental

right, in effect anterior and superior to other rights; upon which no encroachment whatsoever can take place ?

Is property to be conceived as a homogenous entity or are we going to distinguish one kind of property from another ? In the Czechoslovakian Constitution personal property, meaning thereby the house a man lives in, the tools with which he works, the income he earns by the sweat of his brow, all this is considered to be personal property which cannot be encroached upon. Of course; the question can be asked whether any guarantee given by a Communist State is worth the paper on which it is written; that is a different matter. But, it is possible for us to guarantee personal property without simultaneously guaranteeing the much wider expression of private property. And, if we are going to guarantee property right in the wider sense then the result would be in the memorable words of the Prime Minister the "haves" will remain "haves" and the "have-nots" will remain "have-nots", and the changes that we cherish will never be brought about.

To this question, Justice Mahajan have given a reply :

> "It seems to me that our Constitution, subject to certain exceptions, has guaranteed the fullest protection to private property."

We have considered this article over and over again and this House has always ended by amending to a certain extent this protection to private property but never approaching the problem in a fundamental way. What then is the use of the Prime Minister complaining as he did last time in 1951, that somehow we find that the magnificent Constitution that we have framed was later kidnapped and purloined by lawyers ? In this amendment, we are once again repeating the conditions whereby our lawyer friends will once again be able to kidnap and purloin the magnificent Constitution that we are fashioning. We are here sitting as architects of this Constitution. It is upto us to make the Constitution fool-proof against the lawyer as far as this aspect is concerned. Property of the people must be sacred and sacrosanct. The Supreme Court must be there to see that the Executive does not encroach upon property of the people. But, what is property ? Not big property or large-scale property. I am sure, our able lawyer members should be able to tell us

how to safeguard small property, about which our friend Mr. N.C. Chatterjee on my left is worried, and our friend Professor Hiran Mukerjee on my right is feelingly anxious. But, surely, I do not see any reason why any of us here should be interested in safeguarding the property of our millionaire friends Mr. Tulsidas and Mr. Somani, sitting behind me. Their properties need not be treated as sacrosanct. That distinction is not surely beyond the comprehension of our lawyer friends here. But, I find that the Prime Minister has over and over again tried to make that distinction and has failed.

Why have, we to consider this amendment ? It is because of certain judicial pronouncements. As far as the judicial pronouncements are concerned, I find that on two things there is complete agreement. As far as the Powers of Eminent Domain is concerned, we are all agreed that it must be exercised under the authority of law and for a public purpose. On that there is no disagreement. Disagreement arises when we consider whether the right of compensation is an inallienable ingredient of the Power of Eminent Domain. There, I find that while we are agreed and it is commonly accepted that the Power of Eminent Domain is dormant in the State and it remains so until it is activised by the Legislature. But, the question is, while activising, is it obligatory for the Legislature to think in terms of compensation ? And, there, Justice Mahajan has stated —

> "Public purpose is an essential ingredient in the very definition of the expression Eminent Domain, even though obligation to pay compensation is not a content of the definition but has been added to it by judicial definition."

Compensation is not a content of the concept of Eminent Domain; it has been added by judicial definition; it is something which, surely, the House can take away. Not only that, he proceeds further and says—

> "It is indeed like a shadow but yet it is distinct from it and flows from another source."

Is it not possible for us to remove the shadow which flows from another source from the substance with which we are

dealing ? I ask my friend Mr. Chatterjee; why all this anxiety to cling to the shadow in order to save the substance ? We are not concerned with the shadow, we are concerned with the substance. My learned friend has pointed out to us that, after all, all the rights are not going. You can take away certain rights from the bundle of rights. But, that will not amount to acquisition. That is what the Supreme Court has said. It may be so. But, what do we find ? Justice Das has said :

> "If the rights taken away are such as would render the rights left illusory and practically valueless then there would be no question that in effect and substance the property has been taken away."

Where is this line to be drawn as far as big property is concerned ? As far as small property is concerned, I think, the thing itself and the rights over the thing can be easily understood. But, as far as big property is concerned, where do we draw the dividing line between the thing and the rights over the thing. On this question, I find, our lawyer friends are not interested in enlightening us. On the contrary they delight in confusing us. I did hope that an eminent lawyer like our friend Mr. Chatterjee would have enlightened us on the subject because Justice Mahajan has said :

> "Article 31 deals with the field of Eminent Domain and the whole boundary of the field is demarcated by the article."

Where is the boundary line to be drawn, on what basis is the demarcation line to be drawn ? That is what I expected my Hon. friend Mr. Chatterjee and Hon. the Prime Minister, also a lawyer, to tell us. But they all want to run away from this and they all want to leave this to the Supreme Court and then say that the lawyers have kidnapped the magnificent Constitution that we have created. I feel that because they are lawyers, they are in league with the other lawyers outside and, perhaps, they want to create condition wherein the lawyers can kidnap and purloin the Constitution in future also ? I am not against lawyers. I want lawyers and I want them to protect our liberties, but the question is this : is it the right of owning big property or is it the liberty

of citizens that is to be protected ?

What the amendment is trying to do is to separate the powers of eminent domain from the police power of the State, the regulatory and other powers. While that is being done, there is also a saving clause; certain legislations for social welfare are sought to be excluded from the purview of the courts. It is a long list and I shall not repeat it here. The amendment falls short of the objectives we have in view. Prof. Wheare's book on *Modern Constitutions* discussing constitutional amendments refers to the primary forces that bring about constitutional amendments; they are said to be two. They are influenced by the economic concepts in a particular society and they are also determined by the need to adjust conflicting interests and opinions. We are today so fortunately placed in this House that the overwhelming majority of the Members are of one mind, and outside the House also there is an overwhelming majority of the people who are of one mind. In Andhra, the people voted for the Congress Party that claims to stand for socialism; the people voted for the Communist Party which also swears by socialism; they voted for the P.S.P. which likewise stands for socialism. Excepting for my friends of the Jan Sangh, I think all our people stand for socialism though they may not be clear as to what kind of socialism or which particular pattern they prefer, but there seems to be a remarkable unity in the country that we want socialism and want a Constitution whereby our socialistic objectives can be realised. This amendment does not permit us, as I will show, to usher in socialism. On the last occasion when Panditji was moving his amendment, he said :

> "When I think of this Article 31; the whole gamut of pictures comes up before my mind; because the Article deals with the abolition of zamindari system and land laws and agrarian reforms."

Why should the gamut of pictures be confined to agrarian reforms ? Why should the gamut of pictures exclude the taking over the Sholapur Mills or the clearing of slums which is accepted to be a crime against the public ? Why is it that his focus was controlled then and it is expanding now ? He is now able to see that slums constitute a crime. When there is an occasion for a

textile mill to be taken over for a temporary period for purpose of better management, his focus will have to be enlarged. After some time it may be that the Prime Minister may consider the industries should be taken over and once again the Constitution will have to be amended. Every time the Prime Minister's social conscience pricks him the Constitution is to be amended. My friend Prof. Mukerjee referred to the belling of the cat. If that expression is to be accepted, that the Prime Minister, who is to be belled, demands that the hole in the wall must be no bigger than the cat ! If the cat is big, the whole must grow bigger, but under no circumstances the whole be out of step with the size of the Cat—the social concience of the Prime Minister. Our nation has accepted certain social objectives and it is they not your limited vision, your rapid social legislation programme that should shape the Constitution. The Constitution should be brought in harmony with the objectives which the Parliament has accepted and the people have approved of. I find that not only the Constitution is not being trimmed and tuned in terms of the socialistic objectives, but a shameful retreat is being registered.

Last time when the Prime Minister was speaking on the subject, he said that he would like the whole question of compensation to be made discretionary and not obligatory, the quantum of compensation being left entirely to the exclusive purview of the legislature. This time that is not what is being done. It is true that the quantum of compensation is left into the hands of the legislature in the case of certain types of properties that are enumerated in the amending Article 31-A. It is also assumed in 31(2) that some rights can be taken over by the Government without compensation being paid, but the fundamental fact remains that for requisitioning property, and the question of acquisition arises in the case of big properties, we have to pay compensation and the courts will have the last say in the matter.

On the last occasion, the other Panditji, Pandit Pant, had gone further and said :

> "I presume that if at any time this legislature chooses to nationalise industry and take control of it, whether it be all the industries or any particular class of it, such as the textile industry or the mines, it will be open to it to pass the law and

frame principles for the purpose and those principles will be invulnerable in any court."

But those principles have proved to be vulnerable. Are we making this power invulnerable now ? No, we are not making it invulnerable. If you want to take over the Sholapur Mills merely temporarily for a year or two, you can do, but if you want that the Sholapur Mills should be taken over and should not belong to Morarka, can you do it now ? Will it be possible for the House to decide that the textile industry be nationalised and that we should pay only rehabilitation compensation to the owners of the industry ? Will it be permitted or will it be purloined and kidnapped by Shri Chatterjee and Shri Anthony into the Supreme Court ? Surely the time has come when the Prime Minister must make up his mind whether he wants, to run with the hare or hunt with the hound. In one breath he talks of socialistic objectives. I read the letter that the Prime Minister has written to the Presidents of the Provincial Congress Committees. It is an eloquent letter. It is a letter that stirs the blood of those who read it. I found in that letter the idiom of the Prime Minister as it was in 1935 or 1936, but when I find the same person coming here to sponsor the amendment, we get confused. Therefore, my appeal to you is that we must not set up fences round the right of property. Justice Mahajan said that eminent domain is the power to take and the other, regulatory, is the condition for the exercise of that power. Let the legislature decide the condition of taking. Let us not permit the courts to interfere as far as the conditions of taking over the property are concerned. Let the court be the custodian of the liberty of the people. There is a basic distinction between the American approach and the Indian approach. The founding fathers of the American Constitution, who lived in the 18th century, thought, that property right was an inherent, ineluctable and inalienable part of man's right to liberty. It is this concept that has been eroded by the socialist movement in the 19th and 20th centuries and the new understanding that has emerged states that property cannot be considered to be principal ingredient of a person's liberty. If we want an egalitarian society, we shall have to take a fundamentally radical view of property and it is in this connection that my friend, Prof. Mukerjee, referred to the famous observation of Proudhon: "Property is theft."

He was not referring to the property of small persons or the property of the worker or artisan of which there was no shouter defender than Proudhon. This obviously is not based upon theft. Proudhon and who dreamt of wide-spread diffusion of property of distributionism railed against big property. I do not know how far the Communist in Prof. Mukerjee will permit him to travel with Proudhon. He may be afraid of "poverty of philosphy," for which Marx arraigned Proudhon, but we are more concerned about the philosophy of poverty that Proudhan ably propounded.

Therefore, my appeal to you and my appeal to the Joint Committee and to the Prime Minister is : let us not be called upon to consider this amendment over and over again. Let this article not be linked up with the gamut of pictures that the Prime Minister sees before his mind's eye. Let this article ultimately be linked up with the social objective which our people have accepted. Let us not be called upon to amend this article from time to time and make ourselves ridiculous and undermine the prestige of the Supreme Court. I am most anxious that the prestige of the Supreme Court should not be built up by repeatedly over-ruling the Supreme Court's decisions by amending the Constitution. That way we are not helping to create the right kind of traditions. But we shall be creating the right kind of traditions only when we have amended the Constitution in such a fashion that the Constitution becomes a fit instruments of the high and exalted social objectives that we have placed before ourselves.

PRESIDENT'S PROCLAMATION ON ANDHRA*

I had hoped that the Home Minister in the course of his observations would explain to us why the Proclamation of the President became necessary. We are told that as far as the dissolution of the Andhra State Legislature is concerned, it has been announced on the advice of the Ministry that has resigned. There is the other part of the Proclamation where the administration of that State is to be taken over by the President.

As far as dissolution of the Assembly is concerned, I am wholly in favour of it. Not only do I welcome the dissolution,

*Speech made on 19th November 1954.

but my colleagues have been favouring the dissolution of the Assembly for a long time. When Mr. Prakasam was a member of our party executive, plenary powers were given to him to decide a suitable policy for Andhra. He was however, advised by my executive to work for early elections. We insisted upon was early elections because we felt that the existing Assembly in Andhra did not represent the people in the conditions created after the separation of Andhra Desh. If we had been permitted to have our way, perhaps the elections would have come a year back. But as you are aware, the Prime Minister of this country in his capacity as the Leader of the Congress Party, indulged in and embarked upon *politics of piracy*. If, in Andhra, we find today Home Minister's supporters talking about associations and dissociations, attachments and detachments, if they can indulge in sarcastic observations about different parties, the reason is that the Leader of the House, in his capacity as the Congress President, indulged in politics of piracy. He undermined the *democratic* standard of political life in that State and if the State is suffering today, the responsibility must lie squarely on the shoulders of the President of the Congress.

An Hon. Member : No, no.

Shri Asoka Mehta : Having done that, having disrupted various parties and having decoyed people by offering them positions and plums of offices, he has created conditions where, in that State, everything is evidently to be decided by such means. What is the result today ? In order that the Congress Government may vindicate itself before the people, it wants to abdicate, to give up the responsibility that is its. It wants to create a constitutional crisis, where no consitutional crisis exists. Article 356 provides for in cases of failure of constitutional machinery. Has it failed in the State ? Where has that been admitted ? Where has the Mover of the Resolution given us the information whereby we would be able to draw the conclusion that the constitutional machinery in the State has failed ?

What happens under a parliamentary democracy when a vote of no confidence is carried against the Government ? There are two alternatives : either the Government can recommend dissolution of the legislature or the Government can resign. It cannot do both the things. My friends on the other side have quoted a large number of authorities. I have also a number of authorities

here. What do they say ? As Keith has pointed out, there are only two alternatives : "Two further points should be noted. Firstly, defeat on a vital issue can be followed either by resignation or by a request to the Crown to dissolve. Resignation will almost invariably, however, as we shall see; involve subsequent dissolution . . . . A dissolution is normally necessary if, on the resignation of its predecessor, a new Government is formed."

In any event, resignation usually leads to dissolution but some Government has to advise. Some Government has to remain in power. If a Government resigns, then an alternative Government has to be formed. It is not open to the Crown to carry on the work on his own. On this question, a lot of interesting material is available in British history . . .

Mr. Deputy-Speaker : Is there any provision in the British Constitution as we have here for the President's rule ?

Shri Asoka Mehta : But the machinery has not broken down.

Mr. Deputy-Speaker : We will assume : in exceptional cases, is there no such provision ?

Shri Asoka Mehta : So far it has not been proved that no exceptional case has arisen. We are told here that the Ministry advised the Governor to dissolve the Assembly. It is an accepted practice that no Assembly, no legislature can be dissolved without the express advice of the Ministry. Dicey says, "Dissolution must rest upon the advice of Ministers alone. Otherwise no dissolution would be free from ambiguity and speculation as to the degree of responsibility of the Sovereign would be a feature of every election." Thus, dissolution has to be on the advice of some Ministry. It was the Ministry that advised. But the Ministry cannot advise and resign; it has to continue in power; it has to shoulder the responsibility. Having resigned, it must remain in power because if a Ministry wants to resign, either an alternate Ministry has to be formed or it has to carry on.

You will remember that in 1875, Disraeli was able to defeat Mr. Gladstone who was in power. On the defeat of that Ministry, Mr. Gladstone tendered his resignation. Mr. Disraeli was called upon to form Government, which he refused. When Disraeli refused to form a Government, Gladstone was called in again, and he said : "The Leader, if sent for, was in my opinion, bound either to serve himself or point out some other course to Her

Majesty which he might deem to be more for the public advantage, and if that course should fail in consequence of the refusal of the person pointed out, the leader of the party could not leave Her Majesty unprovided with a Government, but would be bound in loyalty to undertake the task."

Either the Chief Minister has to carry on or if he tenders the resignation, as has been pointed out by my friend Mr. Gopalan, the Leader of the Opposition has to be called. There is no point in saying : we do not know who is the Leader of the Opposition. He is obviously the leader of the largest party. Unless the retiring Chief Minister deliberately wanted to give an advice to the Governor . . . .

Dr. Katju : May I just make it clear lest there should any misunderstanding ? The Governor did call for a meeting with the leader of the Communist Party.

Dr. Rama Rao : I challenge that statement.

(*Interruptions*)

Dr. Katju : He had a talk with him, I meant.

(*Interruptions*)

Shri Asoka Mehta : We are not interested in whether they were having a tea party; we are not interested in social chit-chats. What we were concerned with here is constitutional propriety . . .

Mr. Deputy-Speaker : Is there no difference between our Constitution and the British Constitution ?

Shri Asoka Mehta : Our Constitution makes a provision for meeting the emergency when the constitutional machinery breaks down. It has not broken down because Mr. Prakasam could have continued after advising the Governor to dissolve the Assembly. In case he tenders his resignation, it is obligatory on the Governor to call the other leaders or some leader from the Opposition. as I shall explain a little later. Having called that person he would have undertaken the responsibility to form the Government and advised the Governor to dissolve the Assembly. Whosoever advises the Governor, or on whose advice the Assembly is dissolved, will have to become the Caretaker Government. There *has* to be a Caretaker Government as the constitutional machinery has not broken down. The Constitution envisages a Caretaker Government when an election is to take place except when it takes place in normal course due to efflux of time.

Now the Governor of Andhra has stated that the administration

is going to be toned up under his control. What does he mean—that a bureaucratic Government is likely to be better than a democractic Government ? And does the Home Minister want to suggest that elections would be fair and impartial only when a Governor takes over the Government and not under a democratic government ? It was a Congress Government which was led by a person who was decoyed out of our party through politics of piracy. Even then I am prepared to say that under Prakasam's Ministry there would have been fair elections. I was one of those who never criticised the continuance of the John Ministry in the Travancore-Cochin State.

Shri A.M. Thomas : But your Party there condemned it outright.

Shri Asoka Mehta : We want to develop in this country healthy democratic traditions; we want to build up healthy democratic traditions. Nothing is gained by undermining; nothing is gained by pursuing policies of erosion of democratic principles. Why do you permit the Governor to take over control and suggest to the people that this is going to tone up the administration, that it is going to better the administration ? Then, why not have Governor's rule for all time ? After all what Mr. Trivedi has done is nothing else but to take a leaf out of the book of General Iskandar Mirza. He talks about "controlled democracy" and Mr. Trivedi is experimenting in controlled democracy. We are not interested in controlled democracy. We are interested in unadulterated democracy. Unadulterated democracy means either that a Government does not resign but advises the Governor to dissolve the Assembly and carries on, or if it resigns, the Governor fulfils the obligation, invites the Leader of the Opposition and permits him to form a Government and even if he is in ı minority accept his advice to dissolve and seek the mandate of the people.

Sir, in rare cases there have been exceptions to this normal rule. In the State of Victoria in Australia the Labour Government was defeated by a vote of no-confidence. When the Labour Government was defeated there were two parties in opposition. The bigger party consisting of a coalition of the Liberal and country groups and a small rebel liberal party. The Leader of the Labour Party advised the Governor to invite Mr. Holland, the leader of the rebel liberal party and he was asked to form a

Government because the Labour Party was prepared to support the Government. The Governor was bound to carry out the Labour leader's advice.

There are a few instances where the Governor and the Governor-General may not accept the advice of the Government that has been defeated and may not accept the advice of dissolution. In 1926 in Canada when the Government of McKenzie King was defeated and when he advised the Governor, Lord Bain, to dissolve the Parliament, his advice was not accepted. But what was done ? The leader of the Opposition was called to form the Government and within a week he advised the Governor-General to dissolve the Parliament. His advise was accepted. Advice has to be given by *some* Government : *that* is imperative. What is imperative has been undermined here.

After all, Section 356 is for exceptional circumstances. Why are you making what is meant for exceptional circumstances the rule ? Where have you told us that in Andhra Desa Government could not be carried on ? After all, Mr. Prakasam after advising for dissolution could have carried on. What impelled him to resign ? The Home Minister has not explained that to us. He reads to us various statements made by various individuals. They do not take us anywhere There are certain constitutional proprieties that have to be fulfilled, and there is no getting away from the fact that these constitutional proprieties have not been fulfilled. There has to be a Government headed either by Mr. Prakasam or somebody else. But to remove all democratic Governments and deliberately invite the Governor to take over the administration and create an impression in the mind of the people that a Governor's regime is more democratic, or that under a Governor's regime elections would be more fair and acceptable to the people, is to undermine the faith of the people in democratic process

Sir, I do not know whether the Prakasam Ministry had given the advice to dissolve the Assembly. Nowhere has it been said.

Dr. Krishnaswami : He said so just now.

Shri Asoka Mehta : If he had given that advice, why was he permitted to resign; under what constitutional propriety was he permitted to resign ? Because I find, Sir, that the highest constitutional authorities tell us that if a Government does not advise to dissolve; it is an incompetent Government. Prof. A.B. Keith in his book, "*The British Cabinet System,*" says (Page 207) :

"If a Government is not prepared to dissolve, it confesses as in 1885, 1895 and 1905, that it has no policy for which it can claim approbation, and so admits that it would be idle to return it to power."

Then again, it is pointed out :

"To appeal to the electorate means to ask it to *homologate* some policy, and a ministry which is not prepared to ask for a mandate cannot properly appeal. In 1895, it was plainly impossible for the ministry to present to the electorate any definite scheme, for its members were far from united in spirit or aims. Thus, it was plainly better that the appeal should be made by those who had defeated the ministry and who ex-hypothesi had plans of their own to further."

Who appeals to the electorate, Sir ? One who has a definite policy. Had the Prakasam Ministry a definite policy ? If that were so, it should have faced the people, it should have faced the the people by remaining in office even now, because that is constitutional propriety. If Mr. Prakasam has no definite policy, if his Ministry does not want to go to the people, then permit some other Government to come up which will go to the people with a definite policy. But they must know that there is a Government, that there is a definite policy on which it has been called upon to vote.

The Home Minister invited that attention of my Leader, Acharya Kripalani, to the fact that the vote of no confidence was carried on the question of prohibition. It was not on the question of prohibition at all. The Andhra Government had agreed to implement the recommendations of the Ramamurthi Committee, whatever those recommendations might have been. Having accepted that, the Government went back upon that acceptance. Here again, Sir, a question of the highest importance was involved. Is it open to a Government to go back upon something which the House has directed it to do ? Is it open to a Government to flout the decision of the House ? That was the question that was involved.

After all, the Home Minister is aware that my Party is committed to the policy of prohibition,—not prohibition in the way

in which the Congress Party carries it on, without ryhme, without reason, without plan,—but prohibition which could be carried out in a manner wherein it could succeed. We are committed to it. My Leader, above all, is committed to such a policy. Surely, we would not like to overthrow the Government on that question. But we would not permit the flouting of democratic principles, of democratic conventions, and that is what is being done consistently.

The Andhra Government has flouted democratic conventions once; the Andhra Government has flouted democratic conventions again, by resigning after advising dissolution, if such advice was ever given And we are being called upon to approve, such a proclamation. The acceptance of such a proclamation would mean that the exceptional provisions of the Constitution which are to be used in rare instances, are to be made a regular affair, are sought to be made a sort of a fifth wheel, a spare tyre, of the Indian constitutional carriage.

That, surely, was not the view of the Constitution-makers, and that is not the intention, that cannot be the intention of those who want to build up a democratic edifice in this country. It is possible that our friends on the other side are anxious to keep the communists out of office. I can understand and appreciate that anxiety. I have also no desire to put power deliberately and wantonly into the hands of the hang-men of democracy. But, for that you must pursue different policies. You must try and build up the democratic urges and the democratic understandings of the people. You must try to cultivate goodwill, better understanding better relations, better co-operation between the democratic parties and not go about disrupting parties, pursuing politics of piracy, decoying people with offices and plums of power. That is not the way to build up a democratic climate in this country. I am second to none in this House in my opposition, in my stout-hearted opposition, to the communists. But in my opposition to the communists I am not prepared to give a go-by to the conventions of the Constitution. If the communists are to be kept out of power they must be kept out of power by fairplay, not by the methods that have been pursued, as has been pointed out by my friend Mr. Gopalan, in different States in this country.

Learn to rely upon the people. Have faith in the people. Depend upon fairplay, indulge in fair politics, and you will find

Then again, it is interesting to find that when this Act was first framed, after the people of India had established for themselves a Republic, that is, in 1950, and was to run for one year, Sardar Vallabhbhai Patel, who introduced this particular piece of legislation, was most reluctant that such a Bill should be put on the statute-book. Not only was he most reluctant but he was most anxious that such a Bill should be removed from the statute-book as early as possible. In those days, when circumstances were really difficult, when a case could be made out—that lion-hearted man could well have made out a case for such a piece of legislation—even then, its life was limited to one year alone. Today, we are not told why this piece of legislation is necessary. No kind of assessment of the prevailing situation is given to us and we are just told that it should be extended for a period of three years. Why should that be so ?

When this particular measure was first brought up, the touchstone was provided the governing criterion was offered, by Sardar Vallabhbhai Patel. He said :

> "When you think of the civil liberties of the extremely small number of persons concerned, let the House also think of the liberties of the millions of people threatened by the activities of individuals whose activities we have curtailed."

Such a piece of legislation can be brought forward only when there is a danger of a small group of men indulging in activities which would encroach upon or which would destroy the liberties of millions of people. Who are the people who are indulging in such activities ? Where is this kind of threat ? Is it imminent, is it a certain threat which cannot be met by any other method ? No such case has been made out. When this particular piece of legislation was put on the statute-book, what was the threat ? Both Sardar Vallabhbhai Patel and Shri Rajagopalachari—Shri Patel in 1950 and Shri Rajagopalachari in 1951—in justification of this piece of legislation made pointed reference to the Communist Party and it was at that time that Shri Rajagopalachari had said :

> "The 'freedom' that men who are engaged in subversive activities and their fellow-travellers preach is a 'freedom' which they want for destroying freedom. They want to

> secure the licence which is necessary for them to operate and the scope to exploit the situation. The whole technique is camouflaged and conceived on the assumption that we shall stick to our principles blindfold and be deceived even though expediency requires practical measures. If we do not wish to live in a monolithic structure of society but desire the principles of individual freedom and initiative to be in operation along with joint co-operative life, we should present a united front and not betray ourselves to furnish greater scope for the activities of those whose single aim is to destroy freedom."

The whole purpose behind this piece of legislation was to create a united front of the lovers of freedom, of the upholders of democracy, against those whose single aim was to disrupt and destroy freedom and democracy in this country.

Has such a united front been created ? Paradoxically, there is a united front—but against Government; all other political parties are arrayed against the Government in this House on this measure !

I have gone through the debates in this past. I have been listening to the debate going on now. I have carefully gone through this brochure that has been circulated. Fourteen political parties the Government have ranged against themselves. The Home Minister finds himself in total isolating.

In the past when the question was brought up here, the late lamented Dr. Shyama Prasad Mookerjee, my friends Mr. Chaterjee, Mr. Sarangadhar Das, Sardar Hukam Singh and other Members pointed out, quoted chapter and verse to show, how this particular Act had been used against their political parties and their political activities.

What are you doing ? You had put this Act on the statute-book in order to safeguard democracy, in order to create a united front of all those who would cherish democracy in this country. That was the purpose for which Sardar Patel and Shri Rajagopalachari had conceived this piece of legislation. And you have renewed this Act in order to break up that united front completely, and put yourself in a position of total isolation.

Then again, we are told that this Act is not being used against political parties. But what do we find ? In 1953, thirty-two

persons belonging to different political parties were detained; in 1954 ninety-three. What is the reason ? What happened in 1954 ? I thought the year was comparatively much better than any previous year. This act is also used for dealing with anti-social elements, *goondas*, dacoits. I can understand a piece of legislation which is concerned with curbing the liberties of *goondas* and dacoits. But why do you club together, why is an effort being made to bundle together *goondas* and dacoits on the one hand and political workers on the other—political workers belonging to all kinds of political parties ? Is it proper, is it necessary ? One can understand, if a case is made out, that there should be some kind of a *Goonda* Act to prevent dacoits from going about and creating disturbances in the country. But should there be an Act wherein the *goondas* and the dacoits are brought in and wherein respected representatives of the people. respected spokesmen of the people are also brought in ?

Shri Rajagopalachari had pointed in 1951 :

> "I am afraid that while we improve conditions, the enemy, if I may so call the opposing bloc of forces, is also alert and changing his tactics and improving, from his own point of view, his tactics and exploiting the situation as it arises from time to time. With the advanced technique that we have to cope with, we have to start every now and then with fresh defensive technique and the thing is proceeding that way."

If you want to safeguard democracy you must learn to change your technique as Shri Rajagopalachari said. The Communist Party has changed its tactics; they are no longer pursuing the technique which they were pursuing during 1948-50. Your technique then may have helped up to a point; it may have helped the Communist Party also up to a point. If you are of the opinion that they are out to fight democracy and they are using democratic means with a view ultimately to strangle democracy, surely this is not the piece of legislation with which you will be able to meet their menacing threat. You have to discover new techniques, you have to discover new methods, for dealing with the changed technique that the Communist Party have adopted today.

Sardar Patel had suggested—I know he was not in favour of it, I am not in favour of it, the House is not in favour of it but he

had a logical mind, he had a consistent mind and that logical mind had said :

> "This is a democratic country now and any party that wants to take advantage of democratic institutions or democratic organisations to come into government by democratic methods is quite free, but it will be an evil day if this Government allow the democratic freedom to go to polls to people who want to destroy democracy by violence and disruption."

So Sardar Patel said that if democracy is going to be disrupted we should—not that we should have this Preventive Detention Act—but we should deny the right to people who want to destroy democracy to take advantage of democratic methods, to take advantage of the polls at all. There are countries in the world where there are such pieces of legislation, namely, for the preservation of democrocy. But you and I and our fellow Members in this House are determined not to have that kind of legislation. We have faith in our people. We know that the alchemy of democracy is strong enough to change those who are opposed to democracy. Our faith in democracy is so firm and so fundamental that we are prepared to take risks and to experiment.

We have come to this conclusion, deliberately and consciously, that we shall not send those with whom we differ fundamentally, whom Shri Rajagopalachari has called "the enemy bloc", into concentration camps; we shall permit them to come into this Legislature, into the Parliament. We have this faith and confidence that because of this alchemy of the Parliament we shall be able to discover areas of agreement, we shall discover points of contact, and we shall to hammer out a point of view which will be in the interests of the country as a whole. It is that approach that is necessary today. Why does not the Home Minister set up a committee here, a committee drawn from Members belonging to different parties ? If anywhere any political party indulges in an activity which is likely to undermine or disrupt democracy or endanger the security of our country, here would be the opinion of the peers that would be available, and it would be impossible for any political party to go against the opinion, not of the Government, not of an official, but the combined opinion of all the peers that are sitting here belonging to all kinds of political parties.

After all, we are as anxious to preserve the foundations of our freedom and to safeguard democracy in our country as anybody can be on the Treasury Benches. But we shall not permit that to be done by the method and manner in which you have been doing that so far. Take the recent question of the contemplated bank strike. What was the approach of the Government ? To threaten the bank employees, to denounce all those who were standing by the bank employees in their fight for their legitimate rights and aspirations, as anti-social elements; to denounce the strike as maneouvred by the Communists. Give a dog a bad name and hang it ! Could you have prevented the strike in that way ? The strike would have come. Then the police would have set the motor of repression into action or would have arrested people under this particular Act. All kinds of disturbances would have taken place. Our economy would have been disrupted for a while. Instead, what did actually happen ? That every section of this House showed anxiety and worked towards averting the strike.

Shri S.S. More (Sholapur) : Except the Congress.

Shri Asoka Mehta : Congressmen also. There have been distinguished Congressmen who have Co-operated with us in preventing an ugly situation from arising. But did the Government make any effort ? It was my leader Acharya Kripalani who had to take an initiative in the matter, not the Prime Minister or the Home Minister or the Labour Minister. They do not think that our co-operation would help them to maintain peace and tranquillity in this country. They think with the baton of the police, the bludgeon of the Government, peace and tranquillity can be maintained in this country. It is that attitude of the Government which we will not accept and which has created against you a united front.

Do not think that we are a whit less interested in the preservation of our freedom and democracy. But the method you are pursuing will never enable you to weaken the Communists or to create in this country the climate that is favourable for the preservation of freedom and democracy. Therefore, my suggestion and my oppeal is, try to create parliamentary opinion, public opinion, to restrain political parties from misbehaving if they are doing so. Do not make use of this kind of legislation which only results in dividing the forces of freedom and democracy, which

only results in creating a united front against the Government.

Shri Rajagopalachari had assured us that if this particular piece of legislation is mis-used anywhere, stringent action would be taken.

He had gone to the extent of saying :

> "I can give another more assurance and I must give it at once. . . . You may rest assured that the Government will take the most serious view of such conduct and will treat every such abuse of powers as disloyalty to the State, nothing less."

This is the important assurance which he had given. Many cases have been brought to the floor of the House where it has been proved to the hilt that these powers have been misused. But, not in one single case has any action been taken. That is the reason why we feel that when assurances are not honoured, it is not proper or desirable that such a legislation should be permitted to continue on the statute-book.

There is one part of the Bill which is particularly obnoxious; that is *the amendment which seeks to remove Jammu and Kashmir from the purview of this Act completely.* This Act is bad enough. *If the State of Jammu and Kashmir is excluded, the people there will be completely at the mercy of the Jammu and Kashmir Government.* The Jammu and Kashmir Preventive Detention Act is more obnoxious, is more undesirable, then the Act that we are discussing here this afternoon in atleast five ways. Firstly, under that Act, any officer other than the District Magistrate, Additional District Magistrate and Sub-Divisional Magistrate, may be a Superintendent of Police also, can arrest and issue a detention order. Secondly, in the Advisory Boards, the Chairman need not necessarily be a person who is or has been a judge of the High Court. Thirdly, the maximum period of detention under that Act is five years, as against one year under our Act. Then, there is no obligation under the Jammu and Kashmir State Act to obtain the opinion of the Advisory Board even in the case of detention for five years; where a person is detained to prevent him from acting in a manner prejudicial to the Security of the State or the maintenance of public safety or public order. Lastly, a person can be re-arrested and re-detained if the Government or the officer, as the case may be, is satisfied that the grounds on which the original order was made still exist and the order of release does not bar the making of a fresh order of detention. These defects were there

in our original Act but in recent years they have been carried out during further review of it. It is these changes, made in response to the massive pressure in the Parliament, that the Home Minister calls "liberalisation" of the Act. Suddenly, the process or liberalisation has been stopped. For three years we are called upon to continue this as it stands. This time no opportunity has been given to us to find out whether this Act can be improved in any further manner or not. But, apart from that, a far more obnoxious Act is to be in operation in the Jammu and Kashmir. The process of "liberalisation" achieved in the rest of India is to be denied to the State of Jammu and Kashmir.

I am one of those who have been taking a keen interest in the conditions prevailing in Jammu and Kashmir. I can speak with some amount of personal experience also. What did I find? The people there, particularly in Kashmir, are profoundly interested in this problem of detention, because they feel that some of those whom they revere and respect are today in detention. They feel that something should be done about that. Whether they are entitled to think in that way nor not, is another matter. But, there is that profound and widespread feeling which cannot be denied. Instead of talking that feeling into consideration, you are permitting the Jammu and Kashmir Government to clamp down upon the people of that State a piece of legislation which is far more obnoxious than this Act we are asked to renew. *We want the people of Jammu and Kashmir to be drawn closer to India.* They are experiencing today the twilight of liberty. They feel that they do not enjoy the civil liberties that the people in the rest of India enjoy. Whether that is true or not is a different matter. But, here, they will be able to say that as far as that State is concerned, there is to be an Act which is far more obnoxious than the Act that is to govern the rest of India. What have the people of Jammu and Kashmir done? Do you think that their goodwill and co-operation with the rest of India would be obtained by forging fetters of oppression and repression? *If this Act is bad let it be uniformly be applied everywhere. You are not excluding any part of India from the operation of this Act.* There are certain States where no person has been arrested in the last year. I could have understood if those States were being excluded from the operation of this Act. No such exclusion takes place. There is only one exclusion and that is the Jammu and Kashmir State. That exclusion is for the purpose of bringing the people of that

State under the operation of a far more objectionable Act than the one we are discussing.

I was surprised to find that the Home Minister, while moving his motion, made no effort to explain why this particular Act should continue. He made no effort to explain why this Act should continue for three years and not one year at a time as Sardar Patel and Shri Rajagopalachari, under entirely different circumstances far more difficult circumstances, had asked the House to do. Lastly, he has not a word to say as to why Jammu and Kashmir is sought to be excluded from the operation of this Act. There the people are being thrown to the tender mercies of a far more objectionable and obnoxious Act than is prevailing here. I hope and trust that even if the Home Minister, will not respond to our appeal and withdraw the measure, at least, he will try to take the House and the country seriously and explain to us why he has made these proposals and try to carry conviction to us and will not merely get this Bill passed with the strength of a majority because such legislations, where you want the co-operation of all concerned, can never be passed and should never be passed merely by the majority of a particular party.

PRESIDENT'S ADDRESS*

I have tried to go very carefully through the President's Address, and I am sorry to say frankly that I find it disappointing. I find it disappointing mainly for three reasons. There is an obsession in it, an obsession shared by many Members belonging to the Congress Party who have spoken so far, an obsession to scan the world horizon far more than the Indian scene. Undoubtedly, glimpses of world events are useful and necessary, but it would be unfortunate if we permit them to become the central focus of our vision.

I also agree with what the previous speaker said, viz., that the Address is disappointing because it dwells more upon previous achievements and operations and makes only scant references to future efforts and plants.

Thirdly, and that is the main reason of my disappointment; the Address does not show the imprint of our new resolves. At the last session this House decided, after careful deliberation and with a rare and rewarding unanimity, that we want to move in the

*Speech was made on 24th February, 1955.

direction of socialist economy. A little later I was happy to find that the ruling Party also decided to develop in this country a socialistic pattern of society. I was looking forward with hope and some expectation to the President's Address. I thought perhaps this year when the new Five Year Plan has to be drawn up, when we are going to move towards new horizons, we will find in the Address some reflection, some imprint of these new ideals, new expectations.

But this Address could have been given two years back or twenty years back, as far as the socialist orientation of our economy and of our society is concerned.

As far as the Prime Minister's efforts for peace are concerned, we all appreciate them. But may I be permitted to point out that freedom is as important as peace ? While we must fight for peace, we must never be guilty of giving up or surrendering freedom of any people. We are happy to know that the Afro-Asian Conference will be meeting in the near future. Will that Conference again enunciate certain general principles ? General principles can be of considerable interest and some value, but general principles do not take us very far. There are parts of Asia and Africa, that are still under foreign rule. Will it be possible for our Government to see that the Afro-Asian Conference works out a phased programme for the emancipation of these countries ? It is disappointing to find that in the United Nations, we have not succeeded in mobilising properly and adequately the Afro-Asian group. In the last session, for instance, I find that the Afro-Asian group hardly functioned at all. This Conference, this big gathering of the free nations of Asia and Africa, should not become merely a forum for enunciating high-sounding principles, but for drawing up a concrete well-phased programme for the emancipation of the peoples of Asia and Africa. I do not know why even when it was accepted at the first conference of the Colombo Powers that there should be economic co-ordination between these countries, nothing has been done so far. I hope and trust that the economic aspect of co-operation among the Afro-Asian countries will not be neglected in the same way in which the economic aspect of the Colombo Powers, has been neglected so far.

As far as Formosa is concerned, I am not happy about the statement that has been made by the President, saying that China's claim is justified. There can be no support whatsoever for the

American intervention in Formosa. American intervention there is most abnoxious, and has to be opposed. But what about the people of Formosa ? Are we entitled to hand over nine million people to the communist regime ? We fight communism in this country. Have those people no views, and no voices, whatsoever ? If you say, neturalisation of Formosa, I say, yes, here and now. But for the future of Formosa, what right have we to hand it over to another country ? What is the population of Formosa ?

Shri Heda (Nizamabad) : Let the people of Formosa speak.

Shri Asoka Mehta : The President has already handed them over to China. 48 million people of Formosa came from Fukion area, and the rest came from the Kwangtung area; their forefathers came there in 1885 or so. But after that, no Chinese were allowed there. In the post-war years, 2.4 million Chinese have come there, who are anti-communist rightly or wrongly, wisely or otherwise. We know that when in Korea, the prisoners of war were given an opportunity to express themselves, a large number of prisoners of war preferred to remain outside the communist regime. We do not know what the Formosans want. As far as the Indian territories are concerned, we have always given the people an opportunity to express themselves. Whether it is the French Settlements, or whether it is Kashmir; we have always believed that the people should be given an opportunity to decide their future. Why have we abandoned that salutory principle in the discussion of the future of Formosa ?

Often, the Prime Minister has told us that ideological conflicts today are like the religious conflicts of yesterday. On grounds of religion, people have remained separate, and on grounds of ideological conflicts, today separations occur. I have no desire to perpetuate these separations. But as we are wedded to pursuit of peace, so are we wedded to the principle of democracy and self-determination, and I would not like to preserve peace at the cost of the right of self-determination of any people.

Coming to matters more important to us in our own country, sufficient has been said about the drastic fall in prices, and I shall not tire you by citing any further statistical data. All that I want to suggest is that this question is of paramount importance, because as the previous speaker has pointed out, we are moving towards an industrial revolution. But at whose cost is this industrial revolution to be brought about ? In capitalist countries

and in communist countries, industrial expansion has always been achieved at the cost of the peasant. On the bent back of the peasant, the edifice of prosperity has been sought to be created, whether it was the enclosure movement in the United Kingdom, or whether it was the collectivisation movement in the Soviet Union, the peasant has been exploited, robbed and oppressed, in order to build up the vast fabric of industrial expansion. Are we going to repeat those mistakes here? We are anxious to evolve in this country a method of democratic development, where the peasant will not be a source of exploitation, but will be a partner both in progress and in prosperity.

This whole question of price parity becomes important, because it is central to the question of democratic development. I am sorry to find that Government have been speaking with different voices, and not unoften they have been confusing the issue. And what is the situation today? One pound of tea is sold almost at the same price at which a maund of jowar is sold. From March 1952 to December 1954, tea prices have increased from 249 to 711, and increase of 184 per cent. In the same period, jowar prices have gone down from 218 to 148, i.e., a drop of 30 per cent. When we find that 80 per cent of the tea gardens are foreign-owned and yet they are permitted to make fabulous profits, while jowar is something that our own peasants, poor, hard-working and devoted peasants, grow and they become victims of fall in price, I am surprised whether Government have any coherent economic policy at all.

Much has been said about, increase in production. There has been increase in production undoubtedly, but the two stubborn problems remain, the problem of unused capacity in industry, and that of sluggish employment. It was Professor C.N. Vakil who recently pointed out that detailed figures of capacity are available for all the four years between 1950 and 1953, for 78 industries. Out of these, 28 industries were throughout working at less than 60 per cent of capacity, and 12 industries were working at less than 60 per cent capacity for a period of three years; thus, in all, 40 industries out of a total of 78 were working at less than 60 per cent of capacity for a period of three years or more. In other words, about 57 per cent of the industries worked for a period of three years or more at less than 60 per cent of capacity. We have talked much about marked improvements

in industrial and economic situation. But 57 per cent of our industries were working at less than 60 per cent of their capacity. I do not know what was the position in 1954, because the figures are not available. I would like Government to tell us to what extent this unused capacity is being used now. What is the use of talking about big plans and big schemes of industrial development, if 57 per cent of your industries are not able even to work beyond 60 per cent of their capacity?

As far as employment is concerned, sufficient has been said on the subject. All that I would like to point out is that unemployment is particularly marked, and is particularly distressing and disturbing among the middle classes. We find that in Calcutta, for ever hundred persons employed, 47 are unemployed, as far as the middle classes are concerned. As far as the other classes are concerned, the proportion is 100 to 27. Unless something drastic is done about this, I do not know how we shall ever be able to enthuse and enlist the co-operation of the people.

Two years back, in this very House, this question was raised, and raised in a very pointed manner. At that time, Government had assured us that they would be spending Rs. 225 crores to increase employment. I may be wrong, but to my knowledge, I have not seen any report from Government as to how much money has been spent, to what extent unemployment has been reduced and to what extent employment has been increased.

Then again, I would like to invite your attention to two recent developments where the Government have thought it proper to abandon their anchorage on principles. First, I would like to invite your attention to the developments in Manipur. They are of importance because Manipur had a representative Assembly and a representative Government given to it in 1947. With the achievement of independence, while other people were getting legislatures and ministries, Manipur was deprived of them. It is interesting to find that our Constitution provides that all laws in in force before the commencement of the Constitution shall remain force unless repugnant to the Constitution or are expressly repeated. The Constitution Act of 1947 of Manipur was never repealed and no competent authority has said that it is repugnant to our Constitution. But still, in an unconstitutional manner, the Assembly has been pushed aside, the Ministers have been brushed aside and the area has been treated as centrally administered.

There has been a tremendous amount of opposition; it is not a party opposition, it is a popular opposition. Between November 15 and December 15, there were so many mass demonstrations that there were 10 brutal lathi charges, 750 persons were injured and a large number of arrests were made. They go on. Only two or three days back, I got a telegram from Manipur. It says :

> "Manipur police opened fire several rounds and lathi-charged just after firing on peaceful and non-violent satyagrahis consisting of hill volunteers on 16th February last at Ukhrul, forty "Miles from Imphal. Three, including one girl, killed by bullets. Condition of two others injured by bullets, including one girl, critical. Sixty others injured. Police fired without previous warning."

We talk of peace in the world. We are worried if any single head is broken in any other country, but as far as our own country is concerned, we are indifferent. When questions are raised here, we find it difficult to get adequate replies. So far I do not know—I am not aware—what is being done in order to assuage the wounds that have been inflicted upon the people of Manipur.

Then I would like to draw your attention to the recent developments in Travancore-Cochin. I am not at all interested whether the Praja-Socialist Ministry was permitted to function there or was pushed out of power. That is not the point on which I want to dilate. I would like to point out that an entirely different attitude was adopted in Travancore-Cochin from what was adopted in Andhra Pradesh. In regard to Andhra, you will recollect that I also had said that I do not like the communists and I would like to fight them, but I had said at that time that they had a right to be invited to form an alternate Government, if they could do so, before the Assembly was dissolved. If that was not to be accepted, the Ministry should have continued and taken the responsibility for carrying on and advicing dissolution. 'Likewise, in Travancore-Cochin, either the Assembly should have been dissolved and the Pattom Ministry asked to carry on or the other party should have been called in. I can understand that. But I cannot understand one method in Andhra and another in Travancore-Cochin. 'Heads I win, tails you lose'—that seems to be the Congress Party's policy, because in Andhra, the

communists who must not be allowed to come to power so the Assembly should be dissolved, but in Travancore-Cochin, because the Congress Party can come to power, no dissolution is necessary. Let us not play the game of democ with loaded dice. If we cannot shape the democratic-racydestiny of our country, let us not be guilty of raping it. This abandonment of the anchorage on principles whenever party advantages can be gained, is something against which I would like to raise my voice of protest, not because I am interested in this party or that party, but if we are to be a shining light to the world, if the countries of Asia and Africa are to find in us hope and confidence, then we must show to them that we are ultimately building up the temple of our civilisation on the foundations of unyielding and unchanging principle. It is on that rock of ages that Mahatma Gandhi has provided that the temple of our civilisation and our future should be built. It is that rock that is being blasted in order that a particular party, or a group in that party, may be able to secure an advantage here or an advantage there. Let it not be said of us that for a mess of pottage, we destroyed the rock of ages that the Father of our Nation had given to us.

Before I come to the concluding part of my observations, I would like to be permitted to say a few words about Goa. I am happy to know that the Prime Minister is going to participate in the debate. May I appeal to him to tell us what negotiations are being carried on about Goa? I know no negotiations are going on; I know that the Salaazar Government is not interested in negotiations. If you cannot have negotiations, will you at least forge economic sanctions against the Portuguese Settlements? The other day the Prime Minister advised us not to precipitate, but the Chief Minister of Bombay arrested 1400 volunteers when they tried to go to Daman on the 15th August. They were arrested by Morarji and they were asked to go back. We do not want to fight Morarji Desai's government. But when the Prime Minister says he advises, his minions in the State think that it is imperative. Let us know whether Indians can participate or not. There are Members of this House who would feel proud to march into Goa and liberate Goa rather than sit here, provide we know what is the policy of this Government.

Let it not be said, that for the greater glory of the peace policy of our Government, the territorial integrity and the fullness

of the freedom of our country and our people have been jeopardized and kept truncated.

Lastly, I would like to say a few words on the socialist pattern. The President has made a reference to the socialist pattern, but what do I find when I look around me ? Not a single suggestion in this whole Address to change our stagnant economy. Dr. V.K.R.V. Rao recently described our economy as a stagnant economy in progress. It keeps on progressing, but it perpetually remains stagnant. That has been the character of our economy, according to Dr. V.K.R.V. Rao, the eminent economist, and my teacher. Are we going to change that ? What element of dynamism, what element of change, what element of innovation have we introduced into this economy ? I am aware of no reference whatsoever to that in this insipid Address. This uninspiring Address does not tell us where that stagnation and how that stagnation is to be broken. I find that profits are rising, and rising very fast. Why ? Because, on the one hand, the prices of agricultural raw materials have gone down steeply and on the other, the prices of manufactured articles have gone up, even when the indices of the cost of living have gone down. I find that in Ahmedabad the cost of living has gone down by 65 points, in Sholapur by 48 points and in Kanpur by 66 points. Thus while cost of raw materials, and earnings of workers have gone down, cost of manufactured articles have been rising. The logical result is that profits must increase. So we have a socialistic pattern of economy on the one hand and mounting profits on the other ! Surely, something should be done. I do not want to pronounce my verdict on this, I am waiting for the budget that the Finance Minister will place before us. But if the budget does not slash these profits, if the budget does not bridle these profits, then let us not try to hoodwink and mislead people, and sow seeds in this country of cynicism and despair.

And what about the problem of equality ? I am told the Working Committee of the Congress is going to consider it on the 6th and 7th March. I hope they will try to do something. Economic equality is not merely socialism; economic equality is the very heart of Gandhiji's teachings. Whether you are socialists or not, as the follower of Gandhiji, as men who have been shaped by Gandhiji, men who out of the dust have been placed into high positions by Gandhiji, may I say that you will

be judged only by what you do for bringing about and realising economic equality. In a metropolitan town like Calcutta it was found that 75 per cent of the people earn less than Rs. 100 a month. In Delhi city, the managing agents of the Delhi Cloth Mills, merely for running that mill, get Rs. 21 lakhs a year. Twelve managing agents in India between them get about Rs. 5 crores a year for running those industries. My friend Mr. K.C. Reddy runs many more industries. Why not pay him also Rs. 4, Rs. 6 or Rs. 8 lakhs a year ? If he can run them for a couple of thousand rupees a month, I do not understand why our friend Lala Shri Ram and others should be made fabulous payments, when 75 per cent of the people in Calcutta and in other parts of the country this figure would be higher still—get less than Rs. 100 a month, why should any one be permitted to have Rs. 21 lakhs for running an industry ? He will have profits, of course, for his investment, but he gets that merely for running that mill. All that we are told is that Government will take the powers ultimately to remove these managing agents. All in good time. But it took five years for the Government to bring in a Bill to have the University Grants Commission. For every step to be taken, it takes about five years. For this socialistic pattern to be realised, perhaps, we must wait for the Presidential Address, sometimes in 1975. I hope and trust that we shall not be moving at that pace. Let us not look at these things in a partisan spirit and let us realise that we are called upon to establish democracy not only in India but the future of Asia and Africa depends upon the success of our endeavours. Millions and millions are looking to us ultimately for trailing a new Path and I hope that in this crucial year, in this year, heavy with destiny, we shall find ourselves worthy of the hope and trust that people have put in us.

THE RAILWAY BUDGET*

I would like to compliment the Railway Minister on his able and, if you will permit to say so, clever speech. There are many points on which I would have liked to express my agreement with him and my appreciation of his work, but in the few minutes at my disposal I hope he will not misunderstand me if I concentrate

*Speech made on 2nd March 1955.

my attention on the point of disagreement.

The first point to which I would like to invite your attention, is the lack of thought, or inadequate thought, that is being given to the problem of economic planning in its relation to the organisation of transport. The key problem in this context is the determination of the transport co-efficient; that is the transport requirements per unit of output. The conditioning factors affecting the relation of freight traffic and production may be appraised under two headings. The first is the *space dimension* of the goods transport, in the sense of the length of the haul, and the second is the *weight component* of the freight turnover, in the sense of the relation of the volume of goods traffic originating with total production.

When we look at this problem, this crucial problem of transport co-efficient, I am sorry to find that the present co-variation in our country, shows no improvement whatsoever; not only shows no improvement, but the co-variation seems to be dangerously low. Between 1951 and to date while our industrial production has increased by 23 per cent, our transport facilities have increased or improved by just 7 per cent. So, the co-efficient works out at 0.33 per cent. I find that our transport facilities, as far as railway transport is concerned, have not increased even *pari passu* with our improvement in the agricultural production, not to talk of the improvement in the industrial production.

You will permit me to bring into the focus, the experience of the more developed countries in the world, particularly the United States of America and the Soviet Union. During the formative phases of their economic development, both in the United States of America and in the U.S.S.R. if we survey a period of 30 years of major development, 1890 to 1920 in the case of the USA and 1928-51 for the USSR, we find that the transport co-efficient was 1.5. That means, transport facilities were developed at least half as fast as the general increase in production. We have in the last five years, during a period of planning, been able to improve and step up our transport facilities only by 33 per cent, while world experience teaches us that if you are not to be caught napping that improvement has to be at the rate of 150 per cent in relation to the increase in production. In the Soviet Union the smallest gain in the freight traffic was in relation to industrial production but the gain was very marked in relation to agricultural output. Then

again, the biggest advance in the provision of transport facilities was made in the earlier period of planning and latter on production began to catch up the improved transport facilities.

As we are moving in these directions and we are already dreaming dreams of big economic planning this adjustment between different sectors, the striking of the right ratio of co-variation is of signal importance. I find that neither in the speech nor in the supporting documents given to us has sufficient attention been paid to this problem.

The Soviet Union is a very large country and it my be argued that, perhaps, in a country of such vast expanse much greater transport facilities are necessary. But, I find that there was a seven-fold increase in the rail-road traffic there between 1928-51 and of the increase only 5 per cent was due to the increase in the haul. That means that dimensions of space contributed only 5 per cent and 95 per cent was due to the weight component of the transport.

Therefore, to my mind the big lacuna in the speech made by the Railway Minister is that there is no indication in it whatsoever of the expansionary impact that should be made by a developing economy on the transport system.

I would like also to point out that we have not calculated carefully the amount of capital input needed in our railways in relation to our planned input in the economy as a whole. I hear every day that our next plan is going to be drawn up on the basis of physical resources, in physical terms more than in financial terms. If that is so, it is all the more necessary that attention is given to the discovery of the right relationship between transport facilities at every stage, at every phase of development, in order that we may not be caught napping.

The question is particularly important, not only because we are going to develop our economy and augment our production but because the frontiers of money economy are likely to be widened and advanced. When we realise that almost 38 per cent of the total consumption in our country is of a domestic character. I think the Railway Minister will realise that in the next five years he should provide transport facilities not only for the increased production but for the expansion of the money economy in our country.

The next point that I would like to invite his attention to is

the relationship between railway earnings and working expenses. If we compare the earnings and working expenses since 1938-39, we find that both earnings and working expenses have increased markedly. But the net earnings seem to have remained stagnant over a remarkable period, a period full of all kinds of vicissitudes and developments. And the result appears to be that the development of economy fails to make any impact whatsoever on the capacity at capital formation in this most important segment of the public sector of our economy. The contribution of the railways in the direction of capital formation has therefore, remained stagnant, not just relatively but even absolutely.

And then when we look at the operating ratio we find that it has jumped up from 78.62 in 1948-49 to 85.04 in 1953-54. I had hoped that the Railway Minister would have tried to explain why this has happened. A sharp increase in operating ratio by over six and a half per cent is something that needs a careful explanation from the Railway Minister.

In 1954-55, as the Railway Minister has pointed out, the revised estimates of the working expenses are almost the same as, they offset, whatever increase have been achieved in traffic earnings in the period. I would like the Railway Minister to tell us whether it is his opinion that diminishing returns have set in our railway system and, if it is so, what kind of drastic remedy he is suggesting in order that we may get out of the slough in which we are caught today.

While the working expenses have been going up, the efficiency of the railway system has not only registered no advanced but efficiency seems to have gone down. On the one hand, we find that engine miles per day per engine have recorded an improvement. Both on the line an in the use we find that the figures have recorded an improvement. But with what result ? Even when our engines are goods, the track strengthened, new locomotives brought in, and all kinds of renovations and rehabilitation have taken place, what ultimately is the impact of these renovations and rehabilitation on our achievements ? Our achievements seem to be going from bad to worse. We find that the net ton miles per engine hour record has declined. The figure has come down from 2,055 in 1951-52 to 1,930 in 1953-54. Engines are improved, the track is being strengthened, all kinds of things are being done to rehabilitate our railways. And the result is a drop of about

six per cent in the ton mile per engine that is recorded.

This is perhaps explained by the inadequate use being made of our wagons. There we find that there has been a drop from 40.9 in 1951-52 to 40.1 in 1953-54 in the case of broad gauge. In the case of the metre gauge, the drop is even more marked, from 32.4 in 1951-52 to 26 4 in 1953-54. The net ton miles per wagon have declined from 463 in 1951-52 to 440 in 1953-54.

Surely, when we look at the operating ratio and the achievements of our railway system, the enormous amount of money that have been putting in seems to be yielding results in the reverse gear. And I do hope the Railway Minister would not give merely a complacent picture but come to grips with the realities of our transport system.

Next I would like to say a few words on the changes in fares and freights that have been suggested. I am sorry to say that the Railway Minister has indulged in clever camouflage. His speech suggests as if concessions are being made, as if the Railway Minister is responding to the urges and the demands of the people. But in fact, what he has been trying to do is to impose surcharges upon those sectors or segments of our traffic that are least in a position to bear the burden and that have been contributing a considerable amount to the earnings of our railways.

Let us look at this telescopic fares. What is the result of it ? I have before me some figures. If they are wrong I would very much like to have from the Railway Minister a better set of figures. I find that in one month in a particular railway in India, 1,18,00,000 people travelled between one mile and three hundred miles, and the earnings were Rs. 77.7 lakhs; while during that whole month on that railway system only 34,149 persons travelled beyond three hundred miles, and their contribution to the railway earnings was Rs. 3.37 lakhs. The concession that the Railway Minister has made will help those thirty-four thousand people while almost one crore and twenty lakhs of people will be penalised. What kind of adjustment is this ? This is nothing else but an effort to get more from those who have to pay for helping those who have to do little travelling, to impose additional surcharges and burdens upon the poor, the needy, while certain benefits are to be given to a small insignificant section of people and create an impression in the country that by the introduction of the telescopic rates some kind of a facility has been given. As

he said when he was reading the speech, if you travel from PEPSU and go down to Tuticorin—or God only knows where—you will be saving five or seven rupees. But how many people travel like that ? How many are going to be benefited ? From how many pockets one anna to four annas are going to be taken away ? That really is the important problem which he should have considered.

When we look at the freight charges, we find from the administration reports as well as from the other documents that have been given that as far as goods traffic is concerned, only the smalls have registered a marked increase. It is on the smalls that a surcharge of 12½ per cent and a raising of the minimum by 50 per cent, have been introduced. The smalls have registered an increase between 15 to 20 per cent in pockets. And now they are being penalised. I would not like to make any comment of mine. I would like to invite your attention, and through you, the attention of the Railway Minister to a very pertinent observation that has been made by a very responsible journal in the country, the HINDU, in its editorial article of 23rd February. This is what the well known newspaper says :

> "The idea of favouring the big man against the small man hardly squares with the Government's proclaimed preference for a socialistic pattern or their anxiety to encourage the small-scale industries."

This is not what an agitator like me has to say about your policy. This is what a very responsible, sober and staid journal in the country has to say about the revision that you have introduced, in your fare and freight structure.

Then, take foodgrains. There again, the concessions given are in the nature of an eye-wash. The prices of foodgrains have been falling and their traffic has been shrinking. If you are interested in providing some concession to export of foodgrains or imports of foodgrains, surely concessions should have to be made alround. Here concessions are given to wheat if it is sent from Bhatinda. It will not be given to rice that is sent from Andhra to Madras. If a man sends foodgrains over 250 or 300 miles, he must pay the former freight. If foodgrains are sent

over 2,000 miles; greater concessions would be provided. I cannot understand either the economy or the rationality of this kind of structure.

Next, I would like to refer to the co-ordination of transport. I am surprised to find our Railway Minister depending all the time upon cells, bureaus, committees, and commissions. My God, what a cobweb he wants to create around himself ! Why can't he and his colleagues sit down and take certain basic policy decisions ? Let us look at the question of rail-*cum*-sea transport. He has appointed a Committee. Surely, the Committee will not be able to take any decision on the major issues involved. What is the major issue ? The shipping interests have been contending that the railway carry coal and salt at below cost. I do not know whether that it so. If that is so, I do not know whether that is going to be continued. If it is in the interests of the economy of railway transport that should be continued, what is the use of setting up this Committee ? If that is to be changed and how are questions which no Committee will be able to decide.

I find that something like 38 per cent of the goods traffic with the railways and over 50 per cent of the traffic was coastal shipping is provided by coal. What kind of adjustment do you want ? Coal is an important item for railways as well as for ships. Some kind of adjustment has to be made. I do not know what the Committee is going to do in this matter. There are issues which the Planning Cell, Efficiency Bureau and the rest of them, that the Minister has with him in his Secretariat should be able to decide, provided the discussions are preceded by necessary consultation with the shipping interests.

Likewise, as far as rail-*cum*-sea transport is concerned because of the telescopic rates, the rail leg is very small and freight charges are heavy. If we want to develop rail-*cum*-sea traffic, we shall have to consider whether it is wise whether it is proper to have this kind of telescopic fares in the rail-*cum*-sea traffic.

I would also like to invite attention to the development of road transport. The potentiality of the road transport in terms of employment potential is high. We are told that something like 12 lakhs of people are today engaged in road transport and ancillary occupations. In the Bombay State Road Transport, we find that 6.14 persons are employed for every vehicle. With such high employment potential on the one hand and with a high operating

improve or bring about good relations between employees and employers ?

There is such an amount of concentration of power and control in the top that any negotiating machinery in the lower level has become meaningless. May I appeal to the Railway Minister to think out ways and means of decentralisation ? I know he is wedded to a policy of decentralisation. But when he sits on the Ministerial Chair, why does he become a victim of the whole spiral process of centralisation ? Negotiating machinery in the lower levels will be meaningless unless something drastic is done in this direction.

I would invite the attention of the Railway Minister to the statement made by his colleague, the former Labour Minister, about the right of workers to participate in the management. Shri V.V. Giri pointed out a few days ago that the railways provide perhaps the best industry wherein this experiment can be made. I had hoped that, after socialistic pattern had been adopted as the policy by the Parliament and by the Congress Party, after the categorical observation made by the Prime Minister, if my information is correct, after his return from China and after the visit of the President of Yugoslavia, that workers' participation in industries is necessary, that at least the preliminary steps would be taken in this direction. But I find that our Railway Minister is more interested in disappointing me than cheering me.

THE BUDGET*

It gives me no pleasure to express my dissatisfaction not only with the Budget as a whole but with the various aspects that the Finance Minister has made in support of the Budget. We are fortunate in having an able and a brilliant person as our Finance Minister and I had hoped that he would be giving us an account of his stewardship which would be worthy both of the stage that we have reached in the progress of our country and of the ability with which he has been handling the affairs.

But I find that the Part A speech is sorely disappointing. It is

*Speech made on 17th March 1955 in the course of the discussion on the Budget.

a speech which perhaps I or my friend, Dr. Krishnaswami, here could have written sitting in our liberty. With all the resources at the command of the Finance Minister, I expected him to give a much deeper, a much fuller and more incisive picture of our economic life than has been presented in the feeble speech that he made the other day.

Secondly, I was surprised to find the Finance Minister, a distinguished economist as he is, telling in his reply in the Rajya Sabha; "When we are all aware of the social objectives of the country and of our Government, why do you look for them in the Budget ? Those objectives are enshrined in our Plan and Budget is not the place to look for them." I find in a recent book *A Survey of Contemporary Economics*, an authoritative book published by the American Economic Association, the following passage and this is what they have to say about the budget process :

> "The function of the budget process is to make a consistent whole of the entire policy of the government and to achieve balance among the various objectives of the policy. Fiscal policy, on the other hand, is more directly related to the attainment to the economic goals.
> The main objectives of policy, in my opinion, are national security, social security, economic and social progress, and political stability. That some of these compete with each other, is a proposition that we can easily illustrate."

These are the basic ingredients or fundamental components with which the Budget deals, and surely is entitled to expect the Finance Minister to explain the budget process, the relationship between the process and the new objectives that we have accepted.

I would have liked, if I had more time, to go into this question of budgeting, but I am sure the Finance Minister is aware of the recent thinking on in the subject, particularly of the various recommendations made by the Committee on Forms of Government Accounts in the U.K. and the Commission on Reform of the Executive in the United States. For lack of time it will not be possible for me to go into the details of these recommendations and to suggest suitable changes that we have to adopt, but may I request the Finance Minister that he should invite informally the

Consultative Committee to sit down with him, when he is a little free, and explore the possibilities of recasting the forms of Government accounting so as to make it possible to integrate them with sound accounting on the one hand, and also to consider how far we can make use of the new idea of performance budgeting that is becoming popular in some countries of the world.

Before I come to certain criticism that I have to make of the Budget, I would like to make a few observations on the more important part of the Budget, to which, I am afraid, sufficient attention has not been given so far and that is deficit financing. If there is anything that is of crucial importance to the Budget that has been presented by the Finance Minister, if there is anything that indicates his mind and the mind of his Government, it is that we are likely to forge deficit financing as the main means of organising and financing our economy. I am not opposed to deficit financing, but deficit financing has to be introduced by providing the necessary safeguards, and I find that the requisite institutional, organisational and other safeguards that need to be taken have not been taken. I know the Finance Minister is very anxious that there should be a continuous matching of increased output with increased purchasing power. That is the way whereby he hopes to undo the mischief that the letting loose of deficit financing is likely to create in our economy. I am also aware that he does not look at finance, to use the favourite expression of our Prime Minister, as a "static pool" but looks at it as a "dynamic tool". These two expressions are the favourites of the Prime Minister and they are equally the favourites of the Prime Minister also. For him the finance is a dynamic and an active tool. The question is that if the credit that is to be created is to become productive, it has to be well-timed, it has to go into right hands and there should be a right method of organisation.

What do we find in the Explanatory Memorandum at page 89 ?

> "It has now been decided to extend the three—year period upto one more year, without additional expenditure."

When I was young, I had heard of the Soviet effort of achieving the five-year plan in four years, but this is the first time that I have heard that a three-year plan is to be achieved in four

years. Why is it that we are not able to keep to schedule ?

On the one hand you are thinking in terms of large-scale deficit financing which is possible if you are able to exercise your entire machinery of controls. You are going in for large-scale deficit financing; you have not the requisite hold on the organisational and institutional set-up in the country or on your administration. How are you going to safeguard against the mischief that is likely to appear due to deficit financing ?

Again, deficit financing is likely to create certain other difficulties. It might really strengthen the private sector *vis-a-vis* the public sector. I find in the *Quarterly Economic Report* :

> "It is in terms of this large new market which is bound to provide plentiful finance that the future of the private sector must be viewed. The problem of shortage of finance can be overcome in much the same way in which it was dissipated by Government expenditure during the war. If the private sector can lay its hands through the mechanism of Government orders on new finance, it need not fear that Government regulation will prevent its development. And if it can set by Rs. 1,500 crores in these five years, it will be able to exhibit much more self-reliance when the Third Five Year Plan begins. By that time, the atmosphere is also likely to be better; it is certain that the public sector will then have been convicted of having bitten off more than it could chew."

The Hindustan Times, in its editorial observations on the Budget, said that businessmen were not worried about increased taxation so long as they were permitted to have larger markets and higher profits. What safeguards are being taken against the advantage that is likely to be taken of deficit financing by big business ? The big business is likely to become bigger business. The big business have all become bigger business in the last five years. I had expected from the Finance Minister some kind of assessment as to what has happened during the four-year period of the Plan, how far the big business has become bigger business, and how far the public sector has been able to occupy strategic positions in various sectors. These are the things with which we are concerned, these are the things on which public opinion should be created, particularly when we are embarking upon deficit

financing on such a lage scale.

Then, again, I find that the Prime Minister, as my Leader pointed out, has picked and chosen a few of the various recommendations of the Taxation Enquiry Commission. Before I go into that, I should like to congratulate the Prime Minister for having plugged, to a considerable extent, the various loopholes in the income-tax system. That is a creditable performance, I know that pressure is being brought to bear to unplug those holes, but I am sure he has the strength and the will to resist it. I am also happy that the tax structure has been revised; in a way it has been rationalised also.

But we find that the Finance Minister pointed out in the other house that there are only 161 persons who have an income of over Rs. 5 lakhs and that we become more and more socialistic as higher and higher income ranges are reached. But these 161 persons receive Rs. 4 crores after paying income tax. It means every single person receives, after paying income-tax, something like Rs. 2,50,000 a year which is seven or eight times the maximum or ceiling on income recommended by the Taxation Enquiry Commission. They may be 161 but the fact remains and it is a question of principle. After all in England, there is a kind of ceiling; nobody is permitted to have or is likely to have a spendable income of more than £ 7,000 or £ 8,000 a year. But here, 161 persons, according to the showing of the Finance Minister himself, will have a spendable income of Rs. 2,50,000 after paying income-tax.

Various recommendations were made by the Taxation enquiry Commission and they are to be viewed together; they are linked together. For instance, the distinction between earned and unearned income was to end at the income level of Rs. 24,000, but the Finance Minister I think, has continued it till Rs. 42,000. Then higher super-tax was not recommended by the commission because a new device had been suggested, namely, that of deposit money. If this device of deposit was not going to be considered by the Government, perhaps the Taxation Enquiry Commission would have recommended higher rates of super-tax. Unless these recommendations are taken together the net result is that rational income-tax structure does not emerge.

I was surprised to find that as far as development rebate is concerned, the Finance Minister has been putting up a defence

which is not very satisfactory. Firstly, I would like to invite his attention to the figures that have been given by the *Eastern Economist* of capital formation in different sectors. It has pointed out on page 353 that in 1950-51, private investment in organised enterprises was Rs. 55 crores; in 1953-54 also private investment in organised enterprises was Rs. 55 crores. If these figures are correct, I do not know what is likely to be gained by this kind of development rebate. The Finance Minister has said that the development rebate cannot be used as a means of directing investment into different channels. But I find that a brilliant exposition of the British Public Finances, Mrs. Hicks has pointed out: "Experience so far gathered suggests that firms are extremely sensitive to variations ın initial allowances, so that there is reason to hope that a new governor of the rate of investment has been discovered. "This brilliant and outstandiug authority on public finance calls the variations of the rate of depreciation "a new governor" of the rate of investment. A new governor has been discovered but our Finance Minister has perhaps yet to make the discovery !

There are certain stubborn problems at which the Finance Minister has been looking in his usual fashion. Take the question of fall in agricultural prices. I was told by a Member of the Planning Commission that the fall in agricultural prices should not worry us because there has been a corresponding increase in the output. It is of course very difficult to find out what the marketable surplus is today. These are questions that the Finance Minister alone can answer; I do not have the requisite facilities for collecting the needed information with me. Even in a crude fasion, if you try to compare the production and price index in 1950 with the production and price index today, you will find that as far as cereal production is concerned, it has fallen from 100 to 89. As far as pulses are concerned, it has fallen to 56 per cent while, on the other hand, prices of sugar, cement, textiles, etc. have gone up by anything from 10 to 25 per cent. The prıce parity has been seriously disturbed as far as rural areas are concerned; it is a fact from which we cannot get away.

The built-in flexibility in our Budget is very limited; it is much more limited in our Budget than in the other countries of the world. The price support policy just initiated is not effective. Ask any one who is concerned with the market and he will tell

you that the price support is purely notional; it is not an actual or a factual support. What is the use of talking of a notional price support which is not able to provide the necessary support. It has not introduced flexibility in our economy; it is not able to provide protecction that is needed by our people in order that they may progress in terms of stability or in terms of a certain amount of security.

The question of employment also is there. He had pointed out in his speech on 28th December last that in the next Five Year Plan we shall be spending Rs. 5000 crores and twelve million jobs will be created which means that there will be a job for every Rs. 4,000. I believe already a sum of Rs. 2,000 crores has been spent in the last four years—both in the public and in the private sectors. Have 50 lakhs of jobs been created ? If they have not been created, then there is something basically wrong with the calculations of the Finance Minister. And, it is his duty to tell us how, if 50 lakh jobs have not been created in the past four years even after we had spent about Rs. 2,000 crores, he hopes to create twelve million jobs in the second plan ? Is it by some magic or miracle or some new logic or some new "social engineering"—to use the new favourite expression of our Prime Minister ? How do you hope to create twelve million jobs ? These are questions which are of pressing importance to which no attention has been given.

I find that while our industrial production between 1949 and 1953 increased by about 28 per cent, employment increased only by about four per cent. There is no direct relationship between increase in production and increase in employment. What is going to be done about it ?

What has been our investment in the public sector as for as industries are concerned ? It is : 34 undertakings and industrial projects—some constructed, some actually under construction; and investment Rs. 38 crores. What are the private industrial efforts ? They are : 110 licences were granted for the establishment of new industries and 226 licences for expanding the existing industries or undertakings. Is this the actual achievement ? Is this our industrial potential ? How are you going to solve the problem of unemployment in this country ? Either accept the advice that my leader has given you and think in terms of decentralised economy or please come forward and tell us how on these meagre

achievements you hope to build a mighty super-structure of the hopes and expectations that you are raising today.

In terms of employment potential, there is hardly any other activity that can compare with housing. But what is the state of affairs there ? In 1954-55, Rs. 6 crores were provided, but only a little over Rs. 2 crores were spent. Why is it that we are not able to spend money even on industrial housing ? This year, as against last year's provision of Rs. 6 crores, only Rs. 3.86 crores are provided. We are going down instead of going forward. Housing is one of the recognised methods of creating employment. Whenever there has been a desire to create better employment, Governments the world over embark upon housing activities; but your housing activities appear to be moving from little to less !

It has been decided that Rs. 10 crores should be allotted for expansion of power facilities for small towns and for rural electrifications with a view to increase employment opportunities. I am happy that Rs. 10 crores have been allotted for this purpose, but are there the complementary technological facilities ? Are there credit facilities for these power products to be utilised ? The Members who spoke before me were very eloquent about the need for electrifying our villages.

But unless you create the requisite institutional wherewithals, power production will remain unused.

We have been discussing for a long time the need for providing warehousing facilities. When I was in college, the Agricultural Commission's Report was published and one of the questions that I had to answer was about warehousing. I have grown quite old by now, but warehousing still remains as one of the questions to be answered in examination papers ! What are our immediate and urgent plans in this connection ? There is no mention about it in the Budget. How many crores are you going to provide for this ? Are you going to solve this whole question of providing support to agriculture without warehousing facilities ?

Then again, take steel production. We are told that our present production is 1.1 million tons and we are going to import 200 or 300 thousand tons through the good offices of the T.C.A. In the next five years we are going to manufacture 6 million tons and the output of finished steel will be 4.4 million tons. How shall we utilise the steel that will be produced ? Are we going to

set up any fabricating industries in this country ? Will the finished products begin to pour down from these industries ? We are repeating the same mistake that we committed about the dams. The dams have been constructed but the channels have not been completed. The essence of planning is proper co-ordination-rivetting of different things that are separate. This rivetting I do not find in the Budget.

The Minister of Finance (Shri C.D. Deshmukh) : May I ask the Hon. Member if the steel is in hand ?

Shri Asoka Mehta : Steel may not be in hand. I am coming to the point in a minute. Some of the industries that we have developed in order to process steel are the various engineering industries; and you have decided to levy excise duties to the products of those very engineering industries. Engineering industries probably offer the best scope for private sector to experiment and expand. If you want the private sector to come forward and co-operate with you, then do not create conditions where such co-operation will be difficult. If you do not want them to co-coperate with you, the additional steel production that is going to emerge will have to be utilised by you.

These are some of the points that I wanted to make. As you have rightly pointed out, Mr. Chairman, I have exceeded my time and I shall not take any more.

FOREIGN AFFAIRS*

I have to offer a few criticisms and some suggestions about the working of the External Affairs Ministry. I hope the criticisms and suggestions will be kept in the proper focus. Before I discuss the problems farther away, I would like to make a few brief observations on regions and problems nearer home.

In the North East Frontier Agency area, there have been frequent armed encounters; in the last one year, there have been three such encounters. I am surprised as to why in this area we have not been able to develop that kind of relationship which would bind these Frontier people or these tribal people with us in bonds of real affection. In the past few months, a series of articles appeared in the Press, in Assam, about the general tone of

*This speech was made on 31st March 1955.

administration in that area. Serious criticisms and charges were made against the administrative personnel there. From the report that has been given to us, I do not know whether any efforts are being made to improve the general tone of administration, and the right type of personnel has been selected or not. May I appeal to the Prime Minister to realise that we are permitted to enter the frontier areas and it is a matter of the deepest shame and regret to all of us that over and over again we have to maintain law and order there by rifle in our hands ? A kind of curtain exists round the area. My colleagues in the Party in Assam wanted to go there and they were refused permission to enter. They wanted permission for my going to that area and the only reply was silence. I do not know whether any one of us will be permitted to go there. But may I suggest to the Prime Minister that, if conditions are not as good there as they should be, he would consider the suggestion of sending a Parliamentary Delegation there ? We would very much like to help him and we would like to lighten his burden by going there, meeting those people and bringing them nearer to our heartstrings.

I would like to say a word about Goa. The Prime Minister has told us that the Portuguese are building up their armed strength and repression is being intensified and that satyagrahis are being deported. I have been connected with the freedom movement in Goa in one form or another. A large number of boys who used to come to my place were deported later on. In 1947 and onwards, none of those young men, who participated in the freedom movement and have been deported during the last seven or eight years, have come back. So far, we have no information even about any of them. Eighteen satyagrahis have been deported and some of them are Indian citizens. It is not a question of their being deported only yesterday or the day before; in the last seven or eight years, a fairly large number of young people have been deported and there is no news about them. Surely, on these things, the Prime Minister cannot take up merely an attitude of diplomatic pressure.

Then, about Kashmir, I was happy to find the Prime Minister saying that the central aspect of the problem of Kashmir is the people of Kashmir and he referred to the soul of Kashmir. I have also felt that we must care for is the soul of Kashmir. My experience tells me—I am very sorry to have to say this and I will

be untrue to myself if I did not take this opportunity of putting it on record—that the soul of Kashmir is being suffocated. Unless the administration or the method of administration there is revised, let me assure the PrimeMinister and let me assure you, Sir, that the people of Kashmir will not be reconciled to us. An M.L.A. belonging to my Party wanted to see the Acharya and myself before the Assembly met—he is Abdul Gani. He was told that he could have one-way permit ! He can come to Delhi but he will not be permitted to go back ! A member of the Assembly wanting to consult his own colleagues in Delhi is being given only one-way permit. One of my colleagues, Karim Shah, a P.S.P. worker, was assaulted to death in Chanarshariff. My colleagues have been beaten up there as I myself was beaten up. Similarly, M.L.As. are beaten up. If a M.P. can be beaten up, what does it matter if a M.L.A. is beaten up ? Surely these things have been happening there; the soul of Kashmir does not rest in Bakshi Gulam Muhammed alone, it rests in the common people and they have no sense of security there.

The Prime Minister told us of the economic development that has taken place there, the enormous help that is being given to them by us. But is the money being properly spent ? Will the money, and every pie, that is being given to them bring them the return that they are entitled to expect ? I am not so sure about it. It was not among the admirers of Sheikh Abdullah when he was in power, but I am not prepared to be a traducer when he is in detention. I am against anybody being kept in detention and I am not going to say anything against him today. But let us not repeat the conditions that were responsible for what happened in the regime of Sheikh Abdullah.

I would like to say one word about the policy—perhaps the policy is not laid down yet—so far as West Asia is concerned. The Prime Minister some time before told us about the evolving South East Asia pattern of collective peace. Is there any pattern for West Asia also ? From what I have been able to understand, I find that even a country, that is nearest to us,—Egypt—has not understood what we are trying to do. Nasser, the Prime Minister of Egypt, in outlining his policy, talks about three circles—one, an Arab circle surrounding the people of Egypt; the second is the circle of Africa in which continent that country is placed; and the third is the Moslem world with which Egypt is tied by ties forged by

religious faith and tightened by facts of history. Surely, this is not our perspective. Then again, Premier Nasser is anxious to have collective security pacts among Arab countries, and today's newspapers tell us that two pacts are running side by side, that is, the collective security pact on the one hand and the Turco-Iraqi Pact on the other, till such time as the two come together. But even that is not enough. I find that the whole approach is based upon a misunderstanding of India's policy. Some time back, the Prime Minister of Egypt, when he gave an interview to the Editors of the *U.S. News and World Report*, to which our Prime Minister also has given long interviews in the past, was asked this.

Question :

"In other words, the Communists are fairly sure already that they can do what they want in other parts so South East Asia without fearing any resistance from India, unless they attack India first."

The Prime Minister of Egypt replied :

"Yes, unless India had a pact with other independent South East Asia countries."

Then there were these questions and answers :

"Q. Do you see Egypt's role in the Middle East as similar to India's role in the Far East ?
A. Yes, I think Egypt can collect a group around her, and if there is an attack, we will ask for help."

We have never believed in having such a kind of pact and if I understand the position aright, the policy that we have been trying to follow is of reluctance to have this kind of pact.

But the Prime Minister of Egypt seems to think that when he tries to have a pact around him he is really emulating the policy of India.

I find, Sir, that there essential ingredients of the foreign policy of India are not always properly brought out. When I compare the two joint statements issued one on the occasion of the visit of the Prime Minister of China to India and the other on the occasion

of the visit of the President of Yugoslavia to India, I find certain common things; but I notice a fundamental difference also. In both the statements emphasis was put on the need for the emergence of an area of peace; both of them emphasise the concept of *Panch Shila*; both of them emphasised the idea of peaceful co-existence. But it was in the joint statement of Yugoslavia and India that the basic idea of our foreign policy, the basic ingredients of our policy was brought out. It was only in that statement where reference was made and reaffirmation was made of the policy of non-alignment. It is absolutely necessary to note the difference between the idea of co-existence and the idea of collective peace : The idea of collective peace as it has been developed by India has as an integral part, the need of non-alignment, the need of opposing any kind of formation of blocs. China does not accept that, Yugoslavia has accepted it. Egypt also does not accept it. Some countries in South-East Asia have accepted it, whether by understanding it, and responding to it, or it is only, as Mr. More said in another context, it is agreement without understanding—I do not know.

At the Afro-Asian Conference this difference should not be shrouded over in silence. This morning I was surprised to hear the Prime Minister, perhaps consciously, refusing to make a distinction, to set up a demarcation line between the Chinese conception of co-existence and India's conception of collective peace. I would very much like the Afro-Asian Conference to realise the distinction and to rally them, not behind the leadership of India, but round the banner of collective peace which ultimately is based upon certain profound moral principles, allegience to which the Prime Minister said we should give and we have been taught to give by our entire national movement.

The South-East Asia, Sir, was described by the Prime Minister on a previous occasion as a major area of peace and this area of peace is doubly menaced. It is menaced by the Manila Treaty which according to him is threatening almost to convert it into an area of potential war. It is equally menaced by the Communist parties and their sub-rosa activities which spell external interference. If these are the two obstacles what are we doing to safeguard against them ? It is here that Indo-China becomes of crucial importance. What happens in Indo-China will ultimately decide as to whether South-East Asia will remain an

area of peace or on area of war.

As far as Indo-China is concerned, Professor Spencer in his remarkable Book "*Asia East by South*" (*A Cultural Geography*) has called it a state of many cultures. In the course of his brilliant study of Indo-China he says :

> "Though both Indian and Chinese cultural agents were active in Indo-China in the centuries before and after the start of the Christian era, they never met in head-on competition, nor did they struggle for control of the area that we known as one country."

We must induce China to accept this age-old, this traditional policy that Indo-China is the meeting-place between the cultures of India and China. It is the meeting place between these two great countries and the two great civilisations. China's attitude to Indo-China should be such that it should be possible for the two people to meet as friends, as fel'ow-workers in the common vineyard of peace and prosperity.

I was happy that with Cambodia we have been able to develop valuable contacts and I hope that will grow. In the statement that was issued when the Prince of Combodia visited us there was a special reference to economic co-operation. In the Afro-Asian Conference also a certain amount of time is going to be devoted to the development of ideas of economic co-operation and of mutual aid. I find from what little information I have been able to collect that in Indo-China, for instance, the North, that is the Tonking area, is economically more developed and more prosperous. It is the Southern area, like Cambodia and perhaps also Laos, which are economically very backward for a variety of reasons. I will not take up the time of the House by going into the details of it. But it is here that we have got to give them help and support. We have to create conditions where in the plant of democracy can thrive, democracy as we understand it—it may not be as others understand it. We have certain social patterns and purposes to give them; we have certain economic tools and techniques to give them. Are we working them out ? Are we going to share these things with them properly ?

I find that the Prime Minister of Burma, U Nu has repeatedly been emphasising the need for economic co-ordination and mutual

aid among the countries of South-East Asia. But the necessary response has not been fourthcoming from our Prime Minister. I hope the time has come when we shall be moving in this direction and we shall be marching arm in arm with the Prime Minister of Burma in creating conditions where we shall be developing common social patterns and purposes and common tools and techniques. In this connection I hope the Asian-African Conference will be able to throw its tremendous weight behind the idea of SUNFED that we have been trying to put to the United Nations, so that it may receive the massive support of the free nations of Asia and Africa.

While I am on this Conference, I would like to say that I was surprised to find that inspite of the Prime Minister and all the other Prime Ministers who were with him and who decided to convene this Conference, there was no opposition to racialism, that they thought it worthwhile to invite the Central African Federation. It is a wonder that the Central African Federation turned down the invitation. It only adds poignancy to the situation. But I do not known why the Central African Federation—a while man's federation—should have been invited. I have no quarrel with the white man, provided he is prepared to treat as part and parcel, as citizens, all those who live in their country. But it is an oligarchic country. Why should an oligarchic country have been invited to a Conference of free people of Asia trying to discover themselves ?

I shall only say a few words about *Panch Shila*. I am afraid the way *Panch Shila* is being bandied about, it will become nothing more than what the Briand—Kellogg Pact was. The Briand-Kellogg Pact was signed by a number of States. But what was the outcome of it ? This *Panch Shila* is meaningful only if those accepting it realise that *Pancha Shila* is inconsistent with colonialism or creation of client States and it is equally inconsistent with the creation of Satellite regimes. I cannot understand Moscow talking about *Panch Shila* when a number of Satellite States revolve about it. I cannot understand the United States accepting *Panch Shila*. If *Panch Shila* only means this kind of co-existence, co-existence, as my leader has pointed out, of lambs in the belly of the lion, if the lambs are to live there and that is to be called *Panch Shila*, then the great thing that our Prime Minister is trying to do will not be anything beyond what the

Briand-Kellogg Pact achieved.

I propose that when he goes to Moscow, he will use his undoubted influence to convince the Master of Kremlin that if a resurrection is to come about in this world, if a new spirit is to be imparted, nations must realise that every small nation has a right to live. Even a seventh-rate nation as Mr. Chatterjee stated must have the same position and status as the first-rate nations. We must declare unequivocally our opposition to colonialism and statellite creation and to the very concept of Great Powers in the world.

FOREIGN AFFAIRS DEBATE*

I was a little surprised and pained when I noted that the Prime Minister thought it proper to begin his speech this morning by casting aspersions against these benches. I do not propose to reply to him in that tone. I am anxious to take this opportunity to make constructive contribution to this very important subject.

The basic premise of the Government's foreign policy—that of creating an area of peace and striving to enlarge it—has received national endorsement. As against the policy of increasing and widening consolidation of their respective blocs that the principal powers have pursued, India has favoured and worked for the loosening of bonds, easing of tensions, encouragement of fluidity. When thaw sets in, the risks of cold war recede. Some years back, the powers thought in terms of cold or hot war alone. That today they think in terms of cold war and its unfreeze is the measure of change that has occurred and the better understanding achieved of India's aims and efforts. The policy of distension, to anglicise a French or an Italian word, necessitates not just non-involvement in bloc politics, but a confident, dynamic approach that loosens the bonds of bloc-solidarity that have been forged. The policy of fostering fluidity, further demands close understanding with our neighbouring countries, and the emergence of a common outlook, shared by us all, that is averse to consolidation and rigidities. That of the five Colombo countries, four kept away from the SEATO deliberations is a matter of no small gratification. It is a measure of the wisdom of the policy of non-

*Speech made on 29th September 1954.

involvement that the camp of peace is not just confined to the uncommitted countries of South and South-East Asia, but that its pressure is being felt, and welcomed, by some of the very constituents of the rival power blocs. The joint work and community of outlook of some Asian countries have enabled them to achieve better understanding with London and with Peking, and further,—and that is undoubtedly more interesting—to improve the relations between London and Peking *Inter se.* To the extent the rigid contours of yesterday are relaxed and blurred, the prospects of peace are strengthened.

While our Government has been justified in seeking closer understanding with China, despite her military and political alliance with the Soviet Union, and with Great Britain, despite the Anglo-American treaties, it is necessary to extent a similar attitude to other committed powers, like Pakistan and Japan. If the United Nations is incomplete without the People's Republic of China—and that view is endorsed by all of us—it would be similarly truncated by the absence of Japan. It is amazing to find a lack of well-thought-out policy towards Japan. Free India, while abhorring all imperialism, was, surely, never at war with Japan. It is strange that we sought peace only in the wake of San Francisco Treaty, and since then have failed to support Japan's claim for a proper position in the comity of nations and to work for closer understanding and economic co-ordination between Japan and the free countries of Asia. We cannot be a partisan of China against Japan. Our legitimate role is to be the reconciler. It is interesting to find the Secretary-General of the ruling Liberal Party of Japan declaring publicly that the U.S. Foreign Policy is a failure and that Japan would prefer to follow the British line. The situation in Japan is thus ripe for change, for a shift. The socialist forces there have a clearer appreciation of Indian policy. It should not be difficult to tilt the shift further, and get Japan closer to the policies of India, Burma and Indonesia.

Our country played no small part in hastening the freedom of Indonesia and has thereby drawn her firmly in our orbit of friendship. It is our duty to. . . .

Shri Asoka Mehta : It is our duty to help in a similar way Laos and Combodia to consolidate their freedom and thereby extend and strengthen the area of concord and co-operation. I am glad that Burma has established diplomatic relations with Laos

and Combodia.

In the pursuit of our chosen policy, fresh dangers are emerging and our future success will depend upon our capacity to ward them off. "Asia for Asians" is an appealing, yet unwise, slogan. I cannot do better than quote here the word of caution sent to me from his sick bed in Vienna by our respected friend, Acharya Narendra Deva :

> "Faint echoes of new ways have just reached me from India. It is the new slogan of Asia for Asians. I do not know whether it is just in the air, or has already begun to gather force, to take a concrete shape. It seems that Chou-En-Lai's visit has given birth to this new slogan. The cry will make a tremendous appeal to Asians throughout the continent, but we should try to "understand it in all its bearings before we actually adopt it. To me it is fraught with great dangers, and if you feel like me, you should warn our countrymen while there is still time. India has lived long, in isolation, and it will be foolish to shut ourselves once again, within the narrow confines of the old continent. The contrast of East against West is the creation of the Western mind, and the myth has almost broken down under the stress of world events. There is neither East nor West any longer. The world is divided into two belligerent groups directed from Moscow and Washington. It is indeed sad to reflect that two or three big powers have become the arbiters of human destiny. People everywhere hanker after peace, but you can have it only if these two or three agree, and that too on their own terms. We can ill-afford to cut ourselves adrift from the life currents of other parts of the world." We can ill-afford to cut ourselves adrift from the life-currents of other parts of the world. That concludes the wise counsel of Acharya Narendra Deva.

Another danger we have to guard against is the possible domination of Asia by one or two powers. Imperial Japan's atttempts in this direction is too recent to be forgotten. Any effort at elaborating a consultative or wider machinery like the Colombo Conference or the proposed Afro-Asian Conference must guard against the danger of domination. The failure of the United

Nations is considerably due to the statutory domination by the Great Powers. We must be vigilant against these proclivities and tendencies, and deliberately favour the organisation of a concern of nations, all free and equal, valuable for their unending diversities We must proclaim to the world what we have failed to proclaim so far, namely that peace presupposes erosion of the very concept of Great Power.

While closer understanding should grow with Britain, it would be dangerous to permit it to swerve us from the fundamentals, such as opposition to colonialism. It is disquieting to find that at the Colombo Conference, where the main attention was concentrated on South-East Asia, India failed to raise the question of the freedom of Malaya. While the freedom of Tunisia was asked for, and rightly, the question of Malayan independence and the fact of British occupation forces numbering 1,30,000, where left shrouded in silence.

I believe, another basic ingredient of our international policy ought to be strengthen the position of small countries and enlist their spontaneous co-operation. Here is room for considerable thought and improvement. I am surprised at the failure to get the Prime Minister of Nepal invited to the Colombo deliberations. His gallant country boasting of centuries of freedom would have enriched the Colombo deliberations.

There is another aspect of the question to which Acharya Narendra Deva has drawn attention with his characteristic forthrightness.

"We want to remain on the friendliest terms with China" writes Acharya Narendra Deva, and he adds :

> "In the matter of attitude towards her, we shall have to be guided by the wishes and interests of Socialist Burma, our close ally."

I believe our friendship with big nations should depend upon their willingness and efforts to disarm suspicion and fear among free neighbouring small nations.

In this connection, particularly because our record is irreproachable, we are entitled to ask of the People's Republic of China to so re-orient its policy as to disarm fears. The ten million overseas Chinese, occupy important strategic, economic

and political positions in the neighbouring eight countries of South-East Asia. We are told that the policy is likely to be revised, that the policy of dual nationality that has been pursued so far is today under revision. Peace in Asia depends to a considerable extent upon how the Indians and the Chinese overseas decide to integrate themselves into their adopted countries. As far as India is concerned, we have blessed that policy, and we have been encouraging, Indians elsewhere to become nationals of the chosen countries. Most of our difficulties arise from the fact that we are anxious that Indians should become nationals of the chosen countries. We are entitled to point out to China that there are incidents, that there are happenings today, which do not give us, at least which do not give these small countries, a feeling of confidence. Only recently, a fugitive from Nepal, Shri K.I. Singh was feted in China. The exiled Thai leader, Nai-Pridi, even today continues to broadcast from the Peking Radio, appeals to revolt against the established government in Thailand. These moves do not help to remove fears and suspicions, particularly among the small nations on the periphery, who have long been the victims of the tragic logic of *matsya-nyaya* that has disfigured international relations throughout.

Prime Minister Chou-En-Lai said during his visit to India :

"The menace to the peace of Asia comes from outside."

I am sure that it was his honest belief. But our efforts at strengthening the area of peace and mutual aid will succeed only to the extent we are able to invite China, and perhaps Japan too, to realise that it was at the instance of the small countries that the Colombo Conference was constrained to resove :

> "The Prime Ministers affirmed their faith in democracy and democratic tnstitutions, and being resolved to preserve in their respective countries the freedoms inherent in the democratic system, declared their unshakable determination to resist inteference in the internal affairs of their countries by external communist, anti-communist, and other agencies."

Our Prime Minister has been emphasising the five principles of the Sino-Indian Treaty on Tibet. These principles are

undoubtedly welcome, but when it is realised that Tibet, whose people are alien to the Chinese in race, language, culture and religion, and who have received their Buddhism from India, whose script was devised by Indian pandits and whose cultural contacts with India spread over centuries, is described in that very Treaty as 'the Tibet region of China', the valuable principles lose much of their emotive power.

A more recent development that claims our attention is the establishment of the SEATO. Most of the free Asian countries absented themselves from the Manila deliberations. The countries that attended the Conference ultimately agreed; the pressure of circumstances led them to agree to form an organisation much looser and sans teeth than the NATO. The organisation has not only looser texture, but keener awareness of its basic weakness, i.e., its close association with colonialism. This 'me-too-ism' of the SEATO is a tribute to the growing influence of the policy that the free and the democratic countries are striving to pursue.

The Prime Minister was right in describing these various pacts, NATO, ANZUS, SEATO, etc., that litter the world, as interlocked arrangements filled with danger to mankind : Interlocking is obnoxious in politics as it is in economics. But surely, monolithic hold, chinkless monopoly, is no better. The Sino-Soviet block, stretching from East Germany to North Korea and Viet Minh, provides little assurance to peace. President Mao Tse Tung has rendered no service to the cause of peace or the five principles, when he declared recently that alliance with the Soviet Union is the sheet-anchor of Chinese foreign policy. Let us hope that our Prime Minister's visit to Peking will make the ancient city realise that the best solvent of inimical interlocking is loosening the bonds of one's own blocs.

We are all geatly cheered by the visit of the Prime Minister of Indonesia. His enlightened statesmanship offers a new source of hope to the resurgent people of Asia. But danger still looms over Indonesia. The Communists there hope to entrench themselves, and enmesh other parties. The counter-forces are being rallied round the cry of Islam. In the sordid world of power politics, there is the danger of an arc of antipathy, a crescent of pseudo-Islam; surrounding India, and stretching from Turkey to Indonesia. Let us not treat the prevailing Indian summer of 'distension' as the decisive change in the political climate.

To guard against these possible dangers, three positive steps need to be taken. Firstly, greater attention must be given to economic co-operation and mutual aid among the Colombo and allied countries. The Colombo Conference approved in principle the proposal of Prime Minister Nu, and that proposal has been referred for further consideration to the governments assembled there. We have pioneered in inter-state political relationships based upon freedom, equality and mutual respect. Now, it is up to us to map out new areas of economic co-operation and mutual aid, based upon the same exalted principles.

We have learnt from our great leader and master that principles are universal. In the course of the historic movement he led, he taught us the value of equality and freedom. The fight against colonialism is a fight for change in status, and enlargement of freedom. Inside a country too, these principles apply. We must never be misled by the loud advocacy of the champions of social change that freedom is a mirage, nor must social change be allowed to clog up because of the croakings of freedom-firsters. If colonialism robs people of their national freedom, totalitarianism robs them of their political and personal freedom. The peace we seek, the peace that Gandhiji taught us to cherish, is peace that counters and combats colonialism as well as totalitarianism. There can be no co-existence with these vicious manifestations of the pursuit of power and pelf.

The world is in a bad shape today, because of its frenzied pursuit of power, of strength. Gandhiji taught us to abhor that kind of strength. I am amazed when I hear our people, responsible people, talk of strength, rapid industrialisation building up of military might. That is the goal to which the roads from Washington and Moscow reach alike. Our goal is different. The patterns and purposes of our internal policies have got to be different. Administrative devolution, decentralised economy, production by small unit machines, State as not a sovereign but a servile institution, not the apotheosis of one leader but distribution of power and respect among innumerable authorities are not empty words or traditional *mantrams*. They are the sole means of freeing man from his corrosive anxieties and alienations. If Asia and Africa are to be spared the weary journeys of capitalism and communism, India must realise that she must shape her policies on the traditions and the teachings of our master. It is

because we see a tragic dissonance between external and internal policies of our Government, because we discover divided loyalties to the prince of peace and the moloch of strength, that we feel sad and unfulfilled.

A word about the foreign settlements in our country. The people of Pondicherry are restive for a definite pronouncement of their emancipation. How long, how much longer, must the people mark time outside the portals of freedom ?

Nagotiations with Portugal have filled a sad chapter in our history. The negotiations were initiated on the 27th February 1950. After four and a half years, we are where we were. The Portuguese Government have charged us with aggression, blackmail and all kinds of other crimes. To cap everything, the Goans have been left by our Government to fight their own battle. That is what Salazar wanted. His proud boast has been, to quote his words, "Try as you may a Portuguese from India, a Luso-Indian cannot be confused with a native of the Indian Union. All who visit Goa coming from the Union cross not merely a political frontier but also a human frontier, an original creation of a western civilisation, oriented by contact with the millennial culture of India." A capricious boundary, an accident of history, is turned into 'a human frontier.' The Prime Minister's policy has given strength to this atrocious distinction.

We are told that the Goans alone can fight for Goa. But even that is not allowed. On the 15th August, when 1200 volunteers marched on Daman, there were among them 200 volunteers from Nagar-Haveli, a liberated enclave. Even these 200 were refused permission to march into Daman. With the rest they too were stopped by the Indian police.

It is good to negotiate. It is wise to be patient. Our patience is proverbial, but as Gandhiji told us in parallel circumstances, let it not be said that our patience is that of a coward.

INDUSTRIAL POLICY

Over and over again, the Prime Minister, the Finance Minister and their colleagues have been telling us and warning us that the policy of this Government is not guided by a doctrinaire but by a practical approach. I would like to know this. We have

which was enunciated in an entirely different circumstance. Today the Prime Minister has placed before the country two new goals, two new social objectives. He says we stand for the realisation of a socialist economy and that we stand for the elimination of unemployment within a period of ten years. Surely, the industrial policy must be inconformity with the new goals that he has enunciated, but I find—and I am sorry to say it—that the industrial policy, as it has been worked so far, and as is likely to be worked in the light of the statement that has been made by the Finance Minister today, does not promise to fulfil, or does not move towards, the exalted objectives.

The industrial policy resolution, inadequate as it was, has not been properly implemented. Firstly, the element of control and regulation has been haphazardly organised.

We find that profits have been raising. In 1950, the profits were seven per cent of the paid-up capital of the privately-owned industrial concerns in the country. In December, 1953, the profits mounted up to 18.6 per cent of the paid-up capital. The profits are not ploughed back in a very inadequate manner. The profits in India for 1950 and 1951 have been recently analysed in the publication of the Reserve Bank of India.

The study of the Reserve Bank is commented upon in *The Eastern Economist*, thus :

> "In the first place, the gross profits of all private and public limited companies are probably now of the order of Rs. 225 crores to Rs. 250 crores. Their capacity to finance themselves might be reckoned as something like Rs. 100 crores inclusive of depreciation. Assuming that depreciation makes an inroad of about Rs. 40 crores per year, this would still imply that Indian industry is capable of new investment of something between Rs. 50 to Rs. 60 crores. These are figures so much beyond existing estimates that it seems defficult to explain the shortage of capital in the expansion of these companies. If the Reserve Bank estimates are correct, where is private capital formation in Indian companies spending itself."

That is what the *Eastern Economist* is asking. So what happens to private capital? Are the private industries disappearing?

Surely, the analysis of the Reserve Bank of India cannot be wrong. There is something wrong with the way the private industries as they are managed and the way they are being controlled by the Minister for commerce and industry. The Finance Minister and the Prime Minister have proudly claimed that there has been a sharp increase in industrial production but what do we find ? The increase in industrial production has not been accompanied by an increase in employment. On the contrary, *pari passu* with the increase in production there has been some fall in the number of persons employed in industries. We find that while the number of factories that have been brought within the focus of the census of the Indian manufacturers has been increasing from year to year, and their annual production has also been mounting up, the number of workers that are covered by these factories has been steadily falling. We find that for a period of years, the number of workers has been fluctuating around 16,32,000.

The same industrial policy statement of 1948 had assured us that industrial cooperatives is one of the major objectives of the Government. Hardly any effort has been made to develop industrial cooperatives. The Shroff Committee tells us that there are only 1,652 societies with a working capital of Rs. 8.65 crores, but two-thirds or three-forths of them are only concerned with handloom weaving. We therefore, find that this important sector of industrial cooperatives has received scarcely any attention from the Government in the last six years.

The third important assurance that had been given by the industrial policy statement was that a managerial cadre would be created. Where is the managerial cadre ? New establishments are being set up. They are being handed over to members of the Indian Civil Service or the Indian Administrative Service. They are not competent, they have not the background, they have not the requisite talent and experience to handle these big enterprises involving investments of crores and tens of crores of rupees. We were told that a different type of managerial service would be built up. But where is it ? There are top-class managerial talents in our country in private enterprises. Why could not they be drawn to run these State enterprises ? It is a matter of pride, and it would be a matter of tremendous challenge, to the managerial talents to be given an opportunity to run a Sindri factory here or

an iron and steel plant there. But we find that the Government have made no effort to build up a new kind of managerial cadre and they have been relying more and more upon the old I.C.S. personnel.

When we come to the public sector, there has undoubtedly been a certain amount of development. We are happy that the public sector has expanded in the last six years. But what do we find ? It is lop-sided development. It has not been well thought out, well conceived. In respect of major industries, eight important industrial establishments have been installed and they demand a considerable amount of steel, in the public sector and some in private sector also. But nothing has been done to ensure the production of steel in this country. For six years the Government have been negotiating, discussing, arguing, exploring, but have not achieved anything. The signal failure of the Government on the steel front is a matter of profound regret. And as my friend and colleague Shri Meghnad Saha has calculated, this has meant a loss of Rs. 500 crores to the country.

In regard to power production we are told that the production of electric energy will be increased. We are happy that it will be so. But will this power be made available to small producers ? Has anything been done in the Demodar Valley area, in various river valley areas for power produced to be made available to small producers and ensure the economic conditions, the sociological conditions, the marketing conditions and the credit facilities that would enable the small man to make use of the power that is to be generated ?

In the public sector our oldest public enterprise is the railways. There is little improvement in the economic functioning of the railways, with the result that confidence is not created in the minds of the people about the efficiency and the economy of the public sector. No bold experiments are being tried out in industrial relations at all. These days we are happy in welcoming the great leader of Yugoslavia, Marshal Tito. One of the great achievements of Marshal Tito and his government has been bold experiments in industrial relations that have produced valuable results. While I do not expect my friends Shri Tulsidas Kilachand and Shri Somani to try these new experiments, surely I was entitled to expect Shri T.T. Krishnamachari to try such bold experiments. But Government have done nothing in the industrial

sector. It is after all the industrial sector that the workers must be given a new consciousness and a new position. With the result, that our friends Shri Tulsidas and Shri Somani can be smug about it and say, "We are giving as good conditions as Government are giving."

There is no new experiment, no new departure, no new exploration as far as industrial relations or the organization of management along new lines is concerned. The public sector in an economy like ours must function as a balance-wheel and a steering-gear. It is hardly functioning in either of these directions.

When we come to the private sector I would like to point out that the private sector should not be confused with merely a handful of big businessmen. But that is what is happening today. If we look at the number of new factories that have come up in the industrial expansion, we find that the same handful of big business houses are growing up everywhere. It is Tatas, Birlas and Dalmias. If you find a new factory in the country and inquire who is behind, you will know that it is some of these old established houses who are growing, whose control is expanding, whose economic importance and economic weight in the country is mounting. No effort is being made to discover new talents, to find out new people of initiative and enterprise. I would like to ask Government how many new industrialists have been discovered ? After all, even in the British days a new T.T. Krishnamachari emerged. In Shri T.T. Krishnamachari's reign I would like to know how many unknown people, how many able men have been discovered encouraged ? That would be the test of the success of the Government's policy towards the private sector. But Government only care for and run after the established persons, the established big business houses, and the Government today is helping in increasing trustification of our economy, which is a regrettable thing. State assistance is being provided to and persons are nominated on various Boards and Corporations—the very persons whose names have been handed to the Income-tax Investigation Commission for tax evasion. Either you believe they are guilty of tax evasion, either you wait till they come out with a clean bill, or there is no point in appointing these Investigation Commissions. If you believe they are guilty, why do you give them financial assistance ? Why does Government appoint them on various Boards and Corporations ? I would like to

know from Government—I do not want to know the names—but I would like to know the number of those whose names the Government handed to the Income-tax Investigation Commission on the one hand and whom the same Government has been appointing on the various Boards and Corporations and to whom financial assistance is being made available from time to time.

In the private sector the rate of capital formation is very low, only 8 per cent. Even in our country today, which is predominantly agricultural, the rate of capital formation is 7 per cent. But the Reserve Bank's study of company finances shows that in our industries the rate of capital formation is only 8 per cent. This is a low rate of development. The Shroff Committee reported that only Rs. 28 crores are invested for the development of our industries by private enterprise every year.

These things show that our private sector is weak, in rather an unstable sector. It has to be spoon-fed at every turn. Because, it is a trustified sector which wants big profits and big advantages and which wants to exploit to the full whatever facilities Government want to offer.

The pattern of relation between the private sector and the public sector has not been worked out at all. It has not been worked out inside the Cabinet even. We are told there are certain Ministries which favour the expansion of the public sector and there are others which favour the expansion of the private sector. It is all very good to talk "there is no conflict between the two sectors." The conflict exists even today, six years after the enunciation of the Industrial Policy, inside the Government, inside the Cabinet itself. A Government which is not able to resolve the differences between the two sectors inside its own house, is incompetent to resolve the differences in the larger body politic of our country.

The public sector and the private sector compete for credit in the same market. New sources of savings and investment for the public sector have not been found. We are told that a State Bank will be set up. I am happy about it. But in Communist China, in 1953, in the State banking enterprises it was found that there were 300,000 employees. All the banks in India today have only 65,000 employees. The State banks in China have five times the number of employees, which means that the whole network of banking had gone much wider, much deeper. After all China had

to begin under conditions far more difficult than our country. But there it has been done. Here the matter is still to receive consideration, and the matter is deemed to be so complex that I do not know when this Government will come to any conclusions and implement them.

As far as private sector is concerned, I would like to draw your attention to two facts. One, that in the private sector where it suits the Government, every kind of favours are showered, and when it does not suit them even advice is not taken. Mr. J.R.D. Tata, in the speech he made to the Tata Iron and Steel Company's general body meeting, said :

> "Faced with this extra-ordinary situation, we thought it our duty, drawing on our forty-five years'' experience of the steel industry, to invite Government's attention to what seemed to us some unsatisfactory aspects of the project. We can have no complaint if the views we expressed were not found acceptable to Government, but I was sorry to find that our action was unwelcome."

He proceeds further and said : "It seems, however, that advice of any kind is not wanted these days and that it is improper to express views at variance with those of Government, even in economic matters."

Is this way you expect people to co-operate ? I know Government is not interested in seeking our co-operation. Plans are drawn up and two years afterwards we are given two days' time and asked to express an opinion within an hour or two or three or four hours. No consultations beforehand are ever held. But I am surprised to find that even in industrial development you are not interested in seeking the advice--you may reject the advice—of those who understand the know-how.

Then, again, while the Prime Minister is very proud about his practical-mindedness and he is never tired of criticising us for our adherence to nationalisation, may I point out that his Government is following a policy of which at least we would never have been guilty ? Mr. J.R.D. Tata in the course of his observations to the Tata Locomotive and Engineering Company said :

> "There is, however one aspect of the matter which needs to

be mentioned. In answer to a question in the Council of States in April, 1953, the Deputy Minister for Railways stated that the recommendation of the Public Accounts Committee that the Government should consider the advisability of their taking over from Telco the manufacture of boilers and locomotives and running it as a State-owned industry was still under examination.

"At no time since Telco was launched has the question of the nationalisation of the company been raised by Government and to the best of our knowledge, Government have had no such intention.

"Shareholder's will, therefore, appreciate and share our feelings on learning that as recently as May this year, the Deputy Minister of Railways repeated his previous statement in identical terms in the House of the People. This second statement in Parliament by Government is rendered all the more extraordinary and damaging by the fact that it was made at about the time when they themselves were pressing us to increase our boïler and locomotive manufacturing capacity, had sanctioned a scheme for a large foundry at a cost of Rs. 2 crores, and approved a fifteen-year agreement with Messers. Daimler-Benz which involved a substantial participation in the share capital of the company."

What does the Government want ? Does the Government want nationalisation of the concern or no nationalisation of the concern ? Surely, there should be a definite policy. We have a Planning Commission. We have a Government. We have an Economic Committee of the Cabinet. We have got the entire paraphernalia for thinking, but the thought is lacking. It is a fantastic thing. We have a Government which speaks with many voices, which talks in a contradictory fashion. It creates total confusion for private enterprise on the one hand and it creates confusion to Socialists, for those of us who plead that the economic pattern of our country should be along socialistic lines. It is this vacillation which needs to be corrected.

What do we find ? The Government, today, once again, speaks in all kinds of directions. I do not know when the Prime Minister is going to have his say. When he speaks, he will make one assertion and make ten reservations, Once again, we will not

know whether the assertion is the operative part or the reservations will be the operative part.

As far as small-scale industries are concerned, what do we find ? Here is a complete survey of the small-scale industries in Calcutta. There are 30,000 small-scale establishments employing 121,000 persons. The value of the finished products works up to Rs. 54 crores a year. The assets of over 26,000 establishments are less than Rs. 10,000. Even than, they pay a fairly good wage to the employees. No adequate provision has been made to provide credit facilities for them. Sometimes, they have to borrow from the private people at a rate of interest nearing 18 per cent. I can say about my State of Bombay. A sum of Rs. 10 lakhs was provided in 1952-53 for giving loans to small enterprises. Only a sum of Rs. 27,000 has been spent throughout the year.

In Sweden, the loans granted to small enterprises amounted to Rs. 75 crores, that is 35 per cent of loans from commercial banks to industries and service trades.

No technical assistance is available. Shri T.T. Krishnamachari needed foreign experts to tell him that technological laboratories have to be established. But, what is the use even of these technological laboratories ? What have the National Laboratories that are headed by the Prime Minister been able to do so far ? I have gone through the Progress Report of the Planning Commission. What have been their achievements ? I would welcome from the Prime Minister a full report on the achievements as far as industrialisation and economic development of our country are concerned, and the contribution may by our National Laboratories to them. If the National Laboratories have remained barren so far what hope is there that the technological laboratories to be set up will be achieving anything better ?

In the United Kingdom, a remarkable way was worked out for providing assistance to small businessmen. I mean the establishment of trading estates. Government themselves built factories. They sometimes provide machinery free. They rented out small portions of the factories. Credit facilities were provided. Other arrangements were made round about, so that men with small resources may go there. There are in our country hundreds of thousands of people who retire at the age of 55 with Rs. 25,000 or 50,000 coming to them as gratuity and Provident Fund. They would like to invest their money on a small industry somewhere

and themselves work there and spend their time and energy in some productive enterprise. What facilities have they got ? Has the Government bothered to establish such townships ? Have they organised trading estates in the country ? In the U.K. in the last six years 104,000 people have been found employment. The whole pattern of economy has changed in a large number of areas, by this method of trading estates. Even this simple idea which is being worked so well in the U.K. has so far received hardly any attention from the Government here.

Lastly, I would like to invite your attention to the goals that have been set up before us. I find from Shri Ganguly's book—the eminent economist of Delhi who was sent by the Government of India to China—his book is called Economic Development in New China—I find that in a single year, or perhaps in two years, in China, employment was provided for 12,00,000 people. If it could be done there, surely, it can be done here too. Why it has not been done so far is a matter which deserves serious investigation and it is not merely enough to say that this matter is under consideration as it has been under consideration ever since this Government was formed.

The Prime Minister has assured us that our objective is democratic socialism. The Prime Minister is in the habit of saying that he does not think of socialism in a doctrinaire fashion. I hope and trust that the Prime Minister will realise, will accept, will agree that any concept of socialism must include: (i) economic equality, (ii) social mobility, and (iii) expanding democracy. In what fashion have we moved towards economic equality in our country ? On the one hand in the field of industries, there is developing trustification—the Tatas, Birlas and Dalmias. With the strength of their powers and resources, a great monopoly is gripping the whole economy of the country. On the other hand, because prize income correlation is disturbed against the small producer, the primary producer, there is greater inequality in our country today than there was before. As I have not got definite statistics before me, I would welcome from the Prime Minister a clear statistical analysis of how for in his regime of 8 years there has been an approximation towards economic equality in the country, how much greater approximation is going to be achieved in the next 10 years. In Yugoslavia, the difference between the lowest and highest incomes is 1 : 6; in Sweden, it is 1 : 3; in

Norway, it is 1 : 2. I would like to know from the Prime Minister, from the Government, after 10 years, what is going to be the margin between the lowest and highest income in our country. There is no use talking about general trends and general tendencies. Even in the U.S.A., there is a tendency towards economic equality. We want to know the pace, the rate, the manner in which the glaring inequalities in this country are going to be corrected, in the next 5 or 10 years. The Planning Commission is beautifully vague in speaking on these basic aspects of the question, for example social mobility. Without citing various reports, I may state that as far as traditional occupations in our country are concerned; as for as the craftsmen are concerned, this is the conclusion that I have come to. For every 100 persons who have clung to traditional occupations, 201 have been pushed down while those who have climbed up would form a mere fraction of one per cent). Here again, I would like the Finance Minister or the Commerce Minister or the Prime Minister who is going to reply to the debate, to tell us what has been the rate of social mobility in this country. How many people from traditional occupations have been prevented from crowding the over-crowded agricultural occupation ? How many of them have been stifled, have been diverted to different occupations, to higher occupations ? There, too, very little has been done.

The Ford Foundation's Report is here. What are the technological laboratories going to do ? What is needed, as I have pointed out over and over again, is to introduce rationalisation at the bottom. Rationalisation at the bottom demands thinking in terms of technological streams, thinking in terms of training the technological stream of our economy, thinking out, working out technological locks which will prevent the flooding of lower levels of our economy by the more developed levels of our economy.

These are ideas which we have been placing before the country for the past many years, and Government never thinks that these ideas deserve any consideration.

A group of foreigners come, and they have some elementary suggestions to make, but the more detailed, the far more constructive suggestion of working out technological locks and training the technological levels in the country has received no consideration from Government.

Lastly, may I point out that even in Government establish-

ments there has been no provision whatsoever for workers participation in the management. I do not understand what is gained by welcoming great dignitaries from foreign countries and saying that their countries have great things to teach us and our country has great things to teach them when we make no effort to learn from the life, from the inspiring efforts and experiences of those countries. I know something of Yugoslavia. I have studied about that country, and I can assure you that one of the great achievements of that country has been to make it possible to win over the allegiance of the workers, to enlist his enthusiastic co-operation, by giving the worker a say and a share in the management. In all these directions I have found that our Finance Minister had nothing worthwhile to say. I have heard his set of figures. I have listened to his strong arguments before also, they need not have been thrown at our faces once again. I was hoping that after the Prime Minister's announcement that our objectives are democratic socialism and full employment in the next ten years—and I was entitled to hope—some kind of significant advances would be made. Except for the suggestion that the Government will ponder over the proposal to set up a State Bank in the country, no new area, no new continent has been opened up before us.

Therefore, I would end up by saying that the industrial policy in the past was framed under a different set of circumstances. Those circumstances have changed. Even that policy has not been wisely and fully implemented, and the time has come when a new policy has to be enunciated, a new policy in conformity with exalted objectives which are shared by all sections of this House, and which would enthuse and inspire millions in our country. If these objectives are to be treated as real, our industrial policy needs to be re-enunciated, but not in the terms in which it has been enunciated this morning.

THE PROGRESS REPORT

The Planning Commission deserves congratulations on the production of the Progress Report of the Plan. Few countries in the world give such frank and full information on economic conditions in the country and it is rarely that the details about resources available for development are discussed and in the open fashion in which it is done in the Progress Report. The one

obvious criticism of the Report is the uneven character of the various chapters in it. A high standard has been maintained in the introductory chapter where economic trends and financing of the Plan are discussed. After that, however, the standard peters out and the close integration one expects in the discussion of a Plan becomes conspicuous by its absence.

It is not possible to review the *Progress Report* in all its aspects within the confines of a magazine article. I would like to confine my observations to just three points which to my mind go to the heart of the matter :

(1) Short-falls in revenue and expenditure.
(2) Machinery of implementation and institutional changes, and
(3) Agrarian Reforms.

The outstanding fact about the working of the Plan is our inability to raise the revenue needed for developing our economy and for effectively utilising even the limited revenues that are raised.

On the very first page of the Report it is admitted that "judged in terms of immediate as well as more long-term needs, an increase in investment is a major desideratum." It has been argued that the rate of investment seems to have increased from five to seven per cent, of our national income in the past few years. Such an increase, however, is not the result of any improvement in savings and investments but due to a better understanding of the working of our rural economy. It was not known till sample surveys were made that in our agricultural sector between 200 and 250 crores of rupees are invested every year. The problem of increasing the investment ratio; therefore, remains as stubborn as ever. Because it is generally admitted that the pace of development we desire demands an investment of 12 per cent of our national income, the question of discovering ways and means of increasing the investment ratio retains its key importance.

The Progress of the Plan in the first three years has shown that the resources needed have been found in the following manner : 45 per cent, from revenue surpluses and profits state enterprises; 15 per cent, from loans and small savings; 15 per cent, from external assistance; 25 per cent, from increase in

floating debts as well as securities held in reserve and drawing down of cash balances. It will thus be noticed that less than half of the resources for the Plan has come from revenue surpluses and profits from state enterprises. A quarter of the resources have been obtained by increase in floating debts, etc., which is a precarious method of financing development. The Planning Commission is aware of the anomalous position and therefore, pointedly suggests on page 13 of the Progress Report that "there is clear need for measures to strengthen normal budgetary resources."

Loans and small savings have not come up to the expectations and the Planning Commission hopes for better response in future—more as an act of faith than as a result of considered assessment. The attitude of the Commission may be noticed from the following observation : "In other words, one may reasonably expect that the public at large will, over the whole five-year period, make available to the Government by way of loans at least a part of what the latter did not find it possible to raise through taxation or surplus earnings in commercial enterprises." (Page 17). It is obvious that the Government has failed to raise the requisite amount for development through an adequate taxation policy nor has it embarked upon the development of the public sector that would bring increased earnings from commercial and industrial enterprises into the Government exchequer. These shortcommings can hardly be made up by intensive drive for small savings and loans. It remains to be seen how far the new tax structure that is likely to emerge with the next budget as a result of the recommendations of the Taxation Enquiry Commission will overcome the marked desideratum.

It was one of the basic assumptions of the Five Year Plan that of the additional income generated through the implementation of development projects and plans fifty per cent, would be available for further investments. Unfortunately, the results so far have belied such optimistic calculations. The Progress Report points out, "Neither in public savings as recorded in Government budgets nor in visible private savings can one see so far the impact of increased incomes consequent on high-levels of production." (page 7).

The revenue aspect of the Plan fails to provide a hopeful and confident picture. Its shortcomings have not become very obvious

because of the simultaneous short-falls in investments. The following table shows the amount of money invested in the first three years of the plan and their relation to the total amount allotted for the five-year period.

Community Development Projects	Rs. 9.3/90	10%
Industries	Rs. 34/178	19%
Housing	Rs. 10/49	20%
Education	Rs. 68/185	41%
Railways	Rs. 110/250	44%

These short-falls are also due to the failure of the Government to develop the machinery for drawing up plans in sufficient details and implementing them in a proper fashion. The basic difficulty arises from the fact that neither the State Governments nor the Union Government have the administrative machinery needed for mobilising increased resources and for utilising them for development purposes. It is not an accident that the progress has been slowest in Community Development Projects where not administrative machinery alone but popular organizations are needed for an adequate pace of development. It has been a chronic complaint of the Government that they are unable to encourage village and small-scale industries because of the absence of any machinery for channelising aid. This lag will not be overcome unless insitutional changes are made.

Totalitarian planning usually proves more effective for the simple reason that it infuses a widespread element of organization in the economy. That the organizations are often super-imposed from above may indicate a democratic drawback but it cannot be gainsaid that channels are created for effective operation and control of development planning. If democratic planning is to achieve comparable results it must discover ways of rapidly expanding the organisational element in Society. In 1953, in the draft programme that Shri Jayaprakash Narayan gave to the Prime Minister, he had recommended that "the rural economy to be transformed into a co-operative economy through compulsory multi-purpose societies". It is interesting to find that the Planning wing of the All-India Village Industries Board in its recent report on *Building from Below*, has come to this very conclusion. On page 33 of the Report we read, "To extend the programme to

cover all the families all over the country, the seven crores of families in India may be divided into groups of one-thousand families each, resident in a contiguous geographical area and each group of one thousand families can be placed in charge of a multi-purpose co-operative society. This involves the consitution of 70,000 multi-purpose co-operative societies to cover all the seven crores of families all over India. Though the functions of each co-operative society are many, the operational area covered by each is not too large for efficient performance of them. As experience of such work shows, except for guidance, direction and teaching during the initial stages of the Plan, a true multi-purpose co-operative society is capable of catering to the needs of each, because its members are the families themselves and the decisions and plans of the co-operatives are consequently their own. So long as the plans of the multi-purpose co-operatives are assured of acceptance and finances to initiate development at each stage is provided the multi-purpose co-operatives organised in the manner indicated above can help attain the prescribed goals of economic development. In other words, the executive, the organizational and administrative agency of the programme, is the 70 thousand multi-purpose co-operative societies." The compulsory co-operatives covering the entire rural economy would provide us with the institutional wherewithals for development.

Similarly, further organizational set-up needs to be provided through industrial co-operatives, union-shop trade unions, and trade and commercial organizations for the remaining economic activities. Such an organizational articulation would provide the administrative and executive frame-work needed for rapid changes and development.

It is impossible to raise the revenues needed for the rapid development of our economy through taxation alone. In China, for instance, while the total revenues increased eight-fold between 1950-53, the increase in agricultural tax was 34 per cent, only, and taxes on industry and commerce increased by 134 per cent. The bulk of the new income was drawn from new sources that had been created. Income from state-owned enterprises increased eight-fold, while income from compulsory insurance or semi-compulsory insurance for co-operatives, for bullocks, jute, cotton, public transportation by boats, as well as accident insurance, fire insurance, fishermen's insurance and insurance for crops of wheat

and rice incr:ased three-fold. Prof. B.N. Ganguli of the Delhi University in his interesting little book *Economic Development in New China* significantly points out, "State-owned enterprises have by now attained such a commanding position in the economy that the surpluses (including a substantial tax element also) which they earn contributes substantially to the financing of economic development" (pp. 48-49). It will thus be noticed that only by expanding the area of state-owned enterprises, by developing state trading and by expanding credit institutions and different forms of insurance, can new sources of revenues be discovered and tapped. It is in these directions that the Planning Commission has failed to chalk out its policies; and the failure to raise adequate revenues, to spend them wisely on different projects of development arises from this basic weakness in planning.

There has been a considerable amount of talk about and against corruption in our country but concrete efforts at combating corruption have been negligible. In China, it is not that there is no corruption, but stern steps seem to be taken against the culprits. Prof. Ganguli points out, "It is said that one lakh and five thousand public officials were involved in corruption of over JMP 10,000,000 each. Realization of this amount with penalty from each individual must have yielded a sizable amount of revenue. Similarly, the fines imposed on three hundred and forty-two thousand private traders and industrialists convicted on charges of corruption, tax evasion and anti-social activities also have been considerable." (page 50).

Another significant failure has been the working out of agrarian reforms. Not only the pace is slow but the development has been very uneven. In Bengal, for instance, hardly any effort has been made to introduce changes in the feudal economy that prevails in her villages. It is interesting to find that in the Community Development Projects "knowledge about the programme was better among the cultivators than among the non-agricultural labourers and the non-agriculturists. Among the cultivators also, those with large holdings had better knowledge and showed greater interest in the programme."

The Planning Commission's programme evaluation organization in its report, *Community Project First Reactions* published in August 1954, from which a sentence has just been quoted above, proceeds further to observe, "Taking an over-all average in the

sixteen villages, about one-third of those who replied to these questions stated that all would be helped. Among the remainder, there was a fairly definite opinion that the agriculturists would be helped the most and the non-agriculturists and agricultural labourers the least. This opinion was held not only by non-agriculturists and the agricultural labourers but also by many of the agriculturists themselves." (p. 17). The report brings out in a very vivid fashion the felt needs of the rural population and it shows how the priorities of the government are not in harmony with the social priorities that the people themselves have in their minds. On page 16 of the report it is stated, "Compare, for example, communication and irrigations in the above statement. Communication was known to the largest number of respondents —650 or 56 per cent, of the total respondents who had any knowledge of project objectives. Yet only 199 considered it most important for development of their village and 100 as most important for their own benefit. On the other hand, irrigation ranked fairly low in the knowledge of project objectives but its ranking in the scale of respondents' needs was very much higher. It was mentioned as the most important need for the development of the village by the largest number of respondents and most important for their own benefit by the second largest number. Other activities which should in respondents' opinion have received much more emphasis are development of cottage industries and other steps in increasing employment, provision of loans and land reforms. On the other hand, provision of medical and educational facilities and veterinary aid are project activities which are not considered so important by respondents."

It is obvious that in rural areas the priorities are land reforms, rural handicrafts, increased employment, increased financial assistance. All these postulate institutional changes. It has been found that the best agrarian reforms, desirable radical measures, get lost because of the absence of the machinery of implementation. It is commonly recognised that the most far-reaching land reforms have been carried out in Japan. That became possible because of the use of the machinery of village committees elected by different sections in the villages; the land reforms were worked out by such elected committees which had in its representatives of the tenants, of peasant proprietors and of landed interests. With the implementation of reforms, the representation of landed

interests virtually disappeared, the number of tenants shrank and the committees have been increasingly composed of representatives of peasant proprietors. These committees have been able to shoulder newer responsibilities for providing aid and assistance to the peasants. It is not an accident that in our country through co-operative societies and through governmental machinery only six per cent of the credit needs of the peasants have been met so far. Only institutional changes, above all organization of compulsory co-operatives, can create conditions where the remaining 94 per cent of the credit requirements of the peasants can be satisfied.

Now that the Parliament with hardly any dissenting voice has voted for development of socialist economy in our country it is necessary to give increasing attention to the institutional patterns and purposes. Perhaps the emphasis has to shift to economic thinking from political conflicts. Unless socialism is to be reduced to a *mantram* which different parties chant to mislead the people or to satisfy themselves it is necessary to think out the various stages of development and to work for the creation of adequate institutional forms that would not be hampered by political differences and mutual dis-beliefs.

NATIONALISATION OF IMPERIAL BANK

I welcome the Bill as far as it goes. I would like to place on record my appreciation of the Committee of Directions for the magnificent report that they have produced and that has been responsible or that has given birth to the Bill that we are now discussing. The report is a first effort made at a comprehensive survey of rural needs and at divising an integrated approach to overcome those needs. We are greatly indebted to the Committee for giving us a brilliant treatise which offers both a diagnosis and a therapy to the diseases from which our rural society has been suffering.

But, it is an irony that we are seeking to overcome the inadequacy and insufficiency or credit to the rural people just when the bank advances for agricultural production have markedly decreased. They have registered a sharp fall, a fall of almost 33 or 35 per cent in the last 12 months. I am not referring to the fall in agricultural prices. But; there has been a sharp fall in the bank

advances for agricultural production.

This Bill seeks to bring under State control the most important commercial banking institution in the country. To my mind, this is a half-hearted measure. The Bill is inadequate from the perspective of socialism that we now share here in the House. The Prime Minister has often explained to us his theory of occupying strategic points. No one can deny that credit institutions from the very lever of our economic life. The Rural Credit Survey has itself pointed out that an economy which seeks planned development may be mixed in composition. It cannot afford to be heterogenous in purpose. We may have a mixed economy; but we cannot have an economy with a heterogenous purpose. It proceeds further and says that in the absence of conformity of purpose, profits interfere with plan and plan interferes with profit. There in this danger of heterogenous purpose emerges. Split banking is bound to bring about the danger of a heterogenous purpose. The whole question of banking was brilliantly surveyed in the United Kingdom some years ago and in the report which was considered to be a classic document, that was produced by the MacMillan Committee, it was pointed out that "no banker can neglect the rules of prudence and of safety, and that the object of commercial banking is to make profit." Yet, it is pointed out here that pursuit of profit and the needs of planning are likely to create heterogeneity of purpose. It was on this occasion that in England, a very interesting book called *Socialisation of banking* was produced with an arresting foreword by Sir Stafford Cripps. I shall not take the time of the House by going into the various arguments that have been marshalled there. I would however like to point out that our major banks which are permitted to continue, are very often identified with big business houses. We are all aware of the intimate association that exists between the houses of Tatas. Birlas and Dalmias and other big business houses and different banking institutions. In this connection, the experience of Japan is pertinent. Though in Japan, the small enterprises account for more than half of the industrial life there, only 24 per cent of the banks outstanding loans were given to small enterprises in 1950. The figure fell to 17 per cent in 1951, in spite of the Government's exhortations. In this authoritative book, *Banking Systems* of different countries of the World, which is a definitive study of the subject, it said :

"In mid-1951 the Minister of Finance was constrained to urge the big banks to 'make a more concrete display of their character as public utility enterprises' by not concentrating their loans to big enterprises, but despite such exhortations and notwithstanding the establishment by the Government at the end of 1950 of a fund for credit insurance on loans by financial institutions to small enterprises, the percentage of total loans to such enterprises had fallen by the end of 1951 to about 17 per cent."

This experience has to be remembered when we are embarking upon industrial development of our country and when we want to give a prominent place to the small entrepreneurs and small enterprises.

The Reserve Bank of India that appointed the Committee on Rural Credit Survey, had also appointed another Committee called the Committee of Finance for the Private Sector. That Committee consisted of some leading bankers in the country. I am quoting from the summary of the recommendations of that Committee. That Committee has told us :

"The Committee feels that in the past few years several changes have occurred in the socio-economic climate of this country which tend to discourage and discredit private enterprise. The Committee is of the opinion that unless these inhibiting factors are remedied, more multiplication or strengthening of agencies supplying finance will not add much to Industrial development".

"Private investment is being affected adversely by the threat of nationalisation, which persists despite the assurance given by leading members of Government. . . ."

Now, these are the observations made by the leading bankers who control private financial institutions. Their contention is that there is a socio-economic climate in the country which is discrediting and debilitating private enterprises and which is acting as an inhibiting factor, and that unless this factor is overcome, these banks—private enterprises—will not be able to achieve very much. Further on, we are told that unless the threat of nationalisation is removed or lifted for a long time, no response will be

forthcoming. Since this report was published, this House knowingly and deliberately decided to move in the direction of a socialist economy. Again, this House after a careful deliberation decided to amend the Constitution in a manner which will make progress possible. The inhibiting factors have been strengthened and multiplied. Is there any possibility of the private banks being able to do what we expect of them if we allow them to remain where they are ? The future hesitation of the private bankers is due to their past failures. I would like to invite the attention of all those who believe in private enterprise to the remarkable achievements of the Bank of Italy in the United States of America. Here is the story, the biography of that bank, a bank that ultimately emerged as the greater banking institution in the world with 5 million accounts and assets worth 8,000 million. The whole method, the whole approach of this bank was remarkable. It want to the people; it did not wait for the people to come to the bank. I am sorry my friend, Shri Tulsidas, is not here, because I know how he and his friends function in our country and here is the remarkable story of the way of a courageous private enterprise, a private enterprise that is on the move, that is on the offensive, that has confidence, that does not feel fettered and does not falter, in the manner of the Shroff Committee functions. So we find that the services of the bank were taken to the depositors. 'Bank days' were organised. We hear that :

> "An industrial savings programme was started. As with school savings, the services of the bank were taken to the depositors. On 'bank days' field workers made collections in factories mining camps, lumber camps. ."
>
> "The business extension department made a speciality of helping people to go into business. If a man wanted to start a hair net factory, the bank would look into the hair net situation thoroughly. Before the borrower started to manufacture, the bank would have a pretty good idea of the pitfalls he should avoid, and would know, often within a few hundred dollars, the return he could expect on his investment in the first year."

Not only were business enterprises supported in every way. The remarkable thing is that the greatest amount of support was

given to rural areas and to rural people. We find that as far as this bank was concerned, the over-whelming majority of its branches were in rural areas, and almost all the deposits received from the rural areas were advanced there and more often than not, deposits from the urban and metropolitan areas were diverted to the rural areas. This is how this bank became the biggest financial institution in the United States of America and perhaps in the world. The method of doing it is also very interesting.

> "Thus it was that about this period the Bank of Italy began putting the borrowing farmer on a budget, a radical departure in that day. The budget ran the whole gamut of farming costs; capital expenditures, such as a team or tractor; materials and supplies, from gasoline to twine; operating costs for crop-plowing, cultivating, irrigating, pruning, harvesting and hauling. . . . Behind every budget was a watchful Bank of Italy man—branch manager, field man or appraiser—to see that the borrower lived up to his contract which incidentally carried with it object lessons in efficiency and farm management."

The bank really functioned as a lever helping to reach out into every crevise and corner of the society and the community in which it was functioning and it became an organisation through which the community's development was fostered and brought about. Our banks here have failed to develop along these lines. I would have believed in private enterprise if it had shown any results. But we find that over and over again authoritative committees have told us of the neglect by our bankers of our vital needs—for instance, this very report, the Rural Credit Survey report tells us :

> "Interest in rural areas there certainly is on the part of commercial banks. but this is for the purpose of getting deposits from those areas and not for financing either agricultural or cottage industry."

Our private banks have primarily functioned as suction pumps more interested in drawing away money, less interested in

irrigating our economy, in developing our economy. A lame, a limping, credit system, part nationalised, part private, cannot serve the full needs of our expanding economy. Even if our aim and our objective is merely to replace the money-lenders by institutional credit to replace the facilities provided today by the money-lenders, no matter how badly or at what high cost, even if that much is to be done, or we shall have to increase the efforts that are being made by Government and the co-operative societies sixteen-fold. Do you expect that by the nationalisation of the Imperial Bank of India it will be possible to increase it sixteen-fold within a measurable distance of time ? It must be remembered that the Imperial Bank of India, which was characterised by the Finance Minister sometime ago as a 'back-bone' or as 'leaven in the lamp' has been having a diminishing share in the deposits. Before the war, the deposits or the assets of the Imperial Bank stood at 28 per cent of the assets of our banking system. Today they continue only 19 per cent. By nationalisation of only a limited sector, will we be able to fulfil the obligations that we are striving to undertake ? The structure we are trying to set up in our country approximates to a considerable extent to what has been done in France. There we find that the banking system after thirty years of effort and development has made available for agricultural development only 121 billion francs out of a total of bank advances of 1654 billion francs. That means, rural credit forms 7 per cent of the total bank advances of present day Francs. If we exclude the highly developed countries in the world, like the United States of America. The United Kingdom and Soviet Russia, we find that the most developed banking system today exists in Italy. To a considerable extent the economic life and the economic development in Italy approximate conditions in our country. The Italian banking system however is properly organised and there is a significant organisation of what is known as credit specialisation, the public sector in banking there is much wider than what we are attempting to do. The experience of the Indian banking system shows that in order to meet the credit needs of the economy, 25 per cent of the gross national income has to be provided through advances and loans. Our national income is to the tune of over Rs. 10,000 crores and it is going to rise, and rise fairly rapidly. If 25 per cent of this is to be provided in advances and loans, we can imagine what a stupendous

responsibility our banking system will have to bear, and it is for us to decide whether merely by nationalising a limited sector of our banking system it will be possible for us to shoulder that responsibility.

Then again, while nationalising the Imperial Bank and while setting up the State Bank of India, we seem to have given attention only to the needs of rural credit. Undoubtedly, rural credit is a very important question. But I believe in the next Five Year Plan we are going to give a great deal of attention to housing. Provision of housing is a major need, and housing possesses tremendous employment potential. I find that in Sweden the mortgage loans on housing exceed the total commercial loans by 20 per cent. May be, that we might decide in the near future, when the next Five Year Plan is started, that housing will be a major activity in India both for the purpose of employment and for the purpose of providing an amenity of life to our people. Then we shall have to have institutions to give them reasonable credit, the financial wherewithal for that, and I do not think the limited stop that we are taking today will enable us to undertake this vast responsibility. To what extent this State Bank of India will be able to fulfil the high hopes we have placed upon it is a difficult question to answer. I find that in Italy, this is the achievement :

> "From this survey the Italian banking system emerges as a really efficient instrument for the gathering up of savings, down to the most minute sums, of whatever money may lie idle and unemployed, even if only temporarily.
> There is hardly any hoarding, except for some buying of gold coins and ingots, but on an infinitely smaller scale than, for instance, in France."

This is the remarkable achievement of a well-organised banking system in Italy. How has it been achieved ?

> "From a structural point of view, I would not be quite right to consider the Bank of Italy as the pivot of the Italian credit system; the credit system is very much decentralised, functionally and territorially, and the Bank of Italy does not stand in that center alone but in all surrounding centers and is the cohesive force of a system which is in appearance

intricate and diversified."

It is this kind of diversified, intricate banking system that has not to be created and I do not think that the steps that we are taking will lead us to the goal that we have in view unless many further changes are made. Rural credit is important and we shall be able to do what we are aiming at only if it forms a part of the integrated banking structure and it is surprising that such an integrated banking structure is not yet sought to be created. I am aware that side by side with nationalisation of banking, we are going to set up various corporations—warehousing and other corporations. I am aware that efforts are being made to use the resources of the State power to impart a countervailing power to the farmers who are today so scattered, so weak, to stand up and meet the challenge of those who are influential and potent urban forces. But in order to give them the requisite strength, the steps that are taken are not the right steps. Here, I would like to invite your attention to the American experience. In America, efforts were made to set up voluntary co-operatives among the farmers. The Republican Government, in 1929, came forward with the Agricultural Marketing Act. The Federal Farm Board established under this Act undertook to sponsor and capitalise a system of national co-operatives. That is what we aim too. We are going to sponsor and capitalise or provide capital for a system of national co-operatives. That was what the Republican Government tried to do in 1929 in the United States of America and they failed miserably. These hastily synthesised co-operative movements were not able to achieve the results desired. Therefore, in 1933, when Roosevelt came to power, he enacted the Agricultural Marketing Act, and that Act was based upon the principle of penalising those who non-co-operated, and succouring those who participated in co-operative activities. I think that we have preferred to rely far too much on State co-operative movement. The co-operative activities will have such an element of State participation in them, that perhaps it will not permit the people to exercise their initiative. Whether the kind of structure that is sought to be created through the State Bank of India and the ancillary organisation to be set up will be able to fulfil the needs of the different regions remains to be seen. Volume I of the survey Report has shown that an intimate relationship exists

between the economy of the district and the pattern of borrowing. Will we be able to change the pattern of borrowing in such a way as to bring about the changes that are desired for the economy of the district ? Will there be the possibility of that development ? I am not so sure for various reasons. For instance, I believe that rather than go in for this kind of State-sponsored co-operatives—I am not happy at all with voluntary co-operatives and I do not think that State-sponsored co-operatives will fulfil the purposes that we have in view—I am, therefore, an advocate of compulsory co-operatives with assured internal democracy, trained personnel provided by the Government, and also State aid. I am happy to find that these are the very ideas accepted and and recommended by the Planning Wing of the All-India Khadi Village Industries Board. As a matter of fact, the All-India Rural Credit Survey itself recognises this fact, though I do not know why it did not incorporate it ultimately in its recommendations. The survey points out that "the success of the sugarcane unions in Uttar Pradesh has taken place within and been made possible by a legislative framework of compulsion within which private purchase and co-operative sale have been brought together." That is the experience of the United States also. We can retain democracy; compulsion does not mean totalitarianism. We can have compulsory co-operatives provided internal democracy is retained. The half-way house that we are trying to build up will put enormous responsibility upon the State and will dry up the springs of popular initiative. We have been told that the rural credit in India is a part of the larger and living context of India itself. The Reserve Bank told us in one of their reports that the peasant should be taken up as a whole man. I agree, but Government normally functions in terms of separate fragments and functions even in the community development areas, the administration has not been re-organised that the peasant is treated as a whole man. Is it not fragmented and fractured ? Is there no lack of co-operation. Is it not that the *gestalt* of community development has not found its reflection in the community administration ? In the last eight or ten years, we have not made any effort to recognise our administration at the grass roots. With the present system of administration and absence of co-ordination that has not been noted over and over again in the Rural Credit Survey, we shall be undertaking all these responsibilities without bringing

about the changes that are needed, and we shall be creating perhaps more difficulties than opportunities. My contention is that it is not enough, as the Rural Credit Survey has pointed out, to provide a frame of reference to rural credit. My suggestion is that we should go a little further—our integrated approach should scan wider horizons. It is not enough to rehabilitate the peasant in isolation. We have got to have an overall picture of the society that we want to create. We must have an overall picture of the directions in which we want to go and if we have the picture clearly before us, we will find that we shall have, on the one hand, the extent of the advantages of nationalised banking, and on the other hand, re-organised, decentralised, re-modelled and re-oriented administrative structure, particularly at the lower level.

Before I conclude, I should like to make a few brief observations on a number of questions on which other speakers have spoken.

As far as compensation is concerned, it needs to be noted that the Imperial Bank of India has enjoyed special advantages which are listed in the Rural Credit Survey on pages 310 and 311. These special advantages have made it possible for it to enjoy a considerable amount of unearned income. It has been able to collect a sizable *quasi* rent. In Delhi City, the price of land will keep on rising. As India becomes more prosperous and more powerful, the price of land in New Delhi will keep on rising. Who is responsible for this rise ? Should land-owners be allowed full compensation on this rise, which is due to the benefits that are being showered upon the particular region, by the fact that the capital of India is here ? Likewise the Imperial Bank of India enjoyed special advantages and that is why special profits have been made, that is why the price of shares have soared. Should we not take all this into consideration while computing compensation ? Should we not take into consideration the special advantage or profits enjoyed by these people for such a long time ?

Then we come to the problem of management. In France, where a number of banks were nationalised, one-third of the Directors were nominated by the trade unions. Even in the Bank of France, the central banking organisation in France, one Director is elected, by secret ballot by all the employees of the Bank. I think some provision should be made for giving the

employees aa opportunity of participating in the management of this new institution.

As far as the shares are concerned, I agree with you, Sir, that no person should be allowed to own more than one per cent in the place of five per cent that has been permitted under the Bill.

Shri S.S. More (Sholapur) : It ought to be reduced still further.

Mr. Deputy-Speaker : I said half a per cent also in the alternative.

Shri Asoka Mehta : I would be satisfied to go with you as far as one per cent.

Lastly, I hope that the ten State sponsored Banks will be taken over very soon, are also the three smaller banks. But while these banks are being taken over, may I point out that we should be careful against liquidating, dissipating, the special local knowledge and the knowledge of the regional areas that they possess. We should not function in a bureaucratic manner. We should not transfer people who have intimate knowledge of particular places or areas, and if we do that we would destroy dissipate, one of the rare assets that we possess, namely, that intimate knowledge of the areas concerned.

Finally, a word more and I have done, Political integration was brought about in our country by Sardar Vallabhbhai Patel. The integration of our railways was encompassed by Shri N. Gopalaswami Ayyangar. Here is an opportunity for our Finance Minister to bring about credit integration. But I do not know why he wants to do it in a half-hearted way. He has an opportunity, if he so chooses, of having for himself a statue in the hall of fame. I wonder why, knowingly and deliberately, he prefers to earn for himself only a bust.

CAPITALISM FLOURISHES !

We the members of Parliament are being called upon to agree to certain grants in connexion with two new important institutions that are being set up—the Industrial Development Corporation and the Industrial Investment Corporation. What are these Corporations ? What are they meant for ? Why are they being set up ? In what way they presage a change in our industrial

policy ? These are questions of great importance but so far no opportunity has been given to us to understand the full implications of the change in policy or to criticise it or approve it.

Shri N.V. Gadgil, in his speech, referred to the policy of the Congress. He said that his party is committed to a policy of increasing socialisation, and I interrupted him. It is not my habit, to interrupt speakers, but I interjected with the remark 'Question'. Because Shri Gadgil should have known that these two Corporations are being set up as a result of a change in policy that was decided by his party. Perhaps Shri Gadgil is not aware of the fact, but there are others who know it !

Shri J.R.D. Tata, in the Chairman's address that he gave to shareholders of the Tata Iron and Steel Company on the 26th August last, said :

> "In this context, the resolution on industrial policy passed at the recent session of the All-India Congress Committee in Ajmer and the remarks which our Prime Minister made on that occasion foreshadow a heartening change in approach. I sincerely hope that the lead given by the Congress in this resolution will soon be reflected in the economic policies of the Government of India. I am sure they will not find the private sector wanting in its response."

This change in policy has been brought in, as it were, by the back-door as a result of the deliberate change and revision of the industrial and the economic policy of the Congress Party. My only quarrel is that the Lok Sabha should have been given an opportunity. We review the foreign policy periodically, and we are happy that we are given an opportunity to review the foreign policy. Why should not the Lok Sabha have smaller opportunity to review the economic policy from time to time ? Various Bills come forward; various demands come before us; we can only make piece-meal observations. We have not before us a picture of the economic policy that the Government wants to pursue. We have not an opportunity of offering our integrated criticism on that policy. I would appeal to the Members of the Government that they should come forward, once in a session, with a debate on the general economic policy, so that it would be possible for the country to judge as to what the Government propose to do and to

understand what are the criticisms that various Members of the Lok Sabha.

I am amazed that Shri Gadgil showed such ignorance about the genesis of this policy. I have already quoted what Shri J.R.D. Tata had to say on the subject. May I invite your attention to what this *Quarterly Economic Report*, a very exclusive publication, has to say on it ? Its annual subscription is Rs. 400. The cost of one issue of this little booklet is Rs. 100. It is meant for the top executive, for the top businessmen in the country. What has exclusive journal brought out by one of the Birla enterprises, to say about this change of policy ? Here it is :

> "The vigorous debate at the AICC sessions in Ajmer on July 25 heralds; in fact as well as in words, a new outlook of the Central Government towards industrial affairs. The resolution on industry moved at the AICC session by Dr. B.C. Roy contained a most significant addition in the clause 'the resources of the country should be utilised in building new State industries and not in nationalising existing industries except where this is considered necessary in the national interest.' The Minister in a forceful reply to Shri N.V. Gidgil went further to explain his attitude towards nationalisation."

And the Prime Minister is reported to have said, with reference to acquisition of private property, that "this was neither Socialism nor Communism, nor sense, nor logic. It is just the limited bigoted mind that cannot get out of some old books, which it has read some generations ago."

May be that some of us belong to that limited and bigoted mind. May be the staple of our reading is book written a generation back. May be the Prime Minister is right in saying that there is no point in buying old junk.

But what are we doing under these two Corporations ? Rs. 7½ crores we are going to give to the industrialists who will contribute only Rs. 3½ crores, so that their industries may develop. Crores and crores of rupees are to be made available to the Industrial Development Corporation, so that the private industries may develop.

Here in this article "India's Industrial Policy : A New Look",

it has been pointed out what are the various purposes that have to be fulfilled through this Corporation. I do not know what are the purposes of this Corporation. I had requested the Minister of Committee and Industry to give me some information. Unfortunately due to some oversight he could not give the information. I find other Members of the Lok Sabha who have been Members longer than myself are equally ignorant and in the dark about this. But this Journal of Birla knows what are the purposes. Five purposes have been listed here, every purpose to help, bolster and strengthen private enterprise in this country.

In all these directions it will be seen that Government's policy wearning a new look. The old rivalry between the private and public sector has not entirely disappeared. But the statement of the Prime Minister at Ajmer and the conception of co-operation between the sectors which stands behind the new Industrial Development Corporation seems to presage a new era of co-operation at least so far as the Central Government is concerned. It might be anticipated that if this proposal develops according to plan there will be considerable new opportunities in the private sector with resources being supplied from the Corporation on generous terms.

The Corporation will supply resources on generous terms so that the private sector may be strengthened, so that the public sector and private sector may lie together in harmony. The private sector, we are told, has so far failed to fulfil its obligations towards the development of our economy. I know that some years back the Prime Minister had approved, had endorsed an observation that I had made, that capital was on strike. Even today the capitalists are on strike. They are asking for a complete revision of outlook. That is what Shri J.R.D. Tata has to say. Now that the Prime Minister and his Government have conceded some of the demands of the capitalists' Shri J.R.D. Tata comes forward and makes further demands. He says :

> "More important perhaps than anything else is the need to shed certain preconceptions which have long coloured official and political thinking in our country.

Perhaps Shri Tata is also refering to limited and bigoted thinkers ! He continues :

"For instance; that the profit motive is dishonourable; that profit is synonymous with profiteering; that industrialists as a class are inefficient or dishonest or both; that about 3 per cent net is a fair return on risk capital."

Where is the risk where Industrial Corporations are being set up, where protection walls are being raised everywhere, where is the risk as far as capital is concerned ? But we are told that 3 per cent is not a fair return on capital. We cannot give fair wages to our workers that the Prime Minister promises. But we rush to the succour of Big Business languishing because of low profit margin. To resume the quotation : "That mechanisation means unemployment; that is more important to impoverish the rich than to enrich the poor; that a welfare state can be built without first creating the means to pay for it; that nationalisation creates additional wealth; that centralised State enterprise and management is socialism."

These are some of the criticisms made by Shri J.R.D. Tata. Not only these criticisms are made. Not only are they coming and making more and more demands, but in what conditions and circumstances are they making these demands ? What do I find ? We are told here in the Quarterly Economic Report : "When the international account is taken into the picture, the rate of capital formation in India seems to have proceeded steadily upwards from just about 2 per cent of real produce in 1948-49 to 8.5 pet cent in 1953-54."

Our capital formation is going on magnificently though the industrialists may have been non-co-operating. Our policy of emphasising the public sector, our policy of reliance on Government enterprise and Government initiative is yielding very good results. Here, for instance, this journal of our economic aristocrats says :

"Nevertheless the rate of economic progress of India between 1951 and 1953 was the highest in the world."

If the rate of economic progress in India was the highest in the world between 1951 and 1953, why do you want to create a new look, why do you want to hand over today the strings of economic development, the controls of economic life, into the hands of private enterprise ?

Why are you so anxious to divest yourself of all responsibility, of opportunities, of initiatives ? Why are you seeking their co-operation more and more on *their* terms ?

We are told :

> "The Indian system has shown itself more resilient to dynamic elements than was at any previous time supposed, but it is rash to assume that the rate of progress is anything else than moderate in terms of the great demands . . . etc."

If our economic system had shown itself to be so resilient even when private enterprise has behaved in the way it has behaved so far, why should the Government create the new look that these people want, a new look that will result, as Shri Gadgil pointed out, in increasing the imbalance between the public sector and the private sector ? I thought that the Prime Minister was suggesting tnat nationalisation is a wrong policy and that we should not buy up junk. We find that the new look of industrial policy that the Prime Minister and his Government are trying to put forward is not merely not to nationalise as far as the past is concerned, but also not to nationalise as far as the future is concerned also.

Our Prime Minister pointed out the other day, and very rightly pointed out, that interlocking arrangements in world policies are bad. What about the increasing interlocking arrangements in our own economy ? What about the increasing control that some of these business houses are being permitted to assume ? We are told that as far as the iron and steel industry is concerned, in our industrial policy, it would be reserved for the public sector. But what do we find ? One of the Birlas goes to the United States asking for financial co-operation from that country. Another Birla goes to England seeking to get foreign capital, foreign aid and foreign participation in the building up of our iron and steel industry in our country. Are we going to permit our industrial development to be carried out by a handful of capitalists in this country, hand in glove with foreign capitalists ? Are we not going to control these strategic industries by keeping them in the hands of the Government ?

After all, the resources are to be provided by the Government. How much are the capitalists contributing ? Only Rs. 3½ crores. The Government has been called upon to contribute Rs. 7½ crores.

The capitalists are not required to take risks. They are not prepared to take risks. You take all the risks. You assure them all kinds of protection, all kinds of assistance; you provide them with the wherewithal. You put the ultimate control and the ultimate direction of these industries into their hands. Is that what the new look in industrial policy amounts to ? Is that what the Congress Party wants to do. If that is the policy of the Congress Party, it would have been much better to come forward and say openly and squarely on the floor of the Lok Sabha, rather than come to us through the back door by some kind of demand here or there, some supplementary demand here or there, and commit the Lok Sabha to policies that the country has not understood. Therefore, I suggest that it would be much better, much wiser if these demands are withdrawn today. It would be wiser, and better, and if I may be permitted to say so, it would be politically more decent and honest to come forward with a debate on the industrial policy and on the economic policy before we are called upon to accept this demand.

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